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# **China Report**

**ECONOMIC AFFAIRS**

**No. 38**



**FOREIGN BROADCAST INFORMATION SERVICE**

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## NATIONAL ECONOMIC POLICY

### ECONOMIC JOURNAL ON RESTRUCTURING OF ECONOMIC SYSTEM

HK120648 Beijing JINGLI GUANLI No 10 in Chinese 25 Oct 79 pp 19-22 HK

[Article by Song Yangyen: "On the Starting Point and Principal Basis for the Restructuring of the Economic System"]

[Text] At present, everyone is seriously considering how to restructure our economic management system to speed up the development of socialist construction in our country. I feel that to solve the problems of what and how to restructure, we must first determine what kind of economic conditions to start with and what governing principles we should follow in the restructuring work.

Some people believe that since our economy is a planned one, we should start from the conditions of a planned economy. Other people say: We are now in a stage where a planned economy is coexisting with a commodity economy; hence, we must join a planned economy and a commodity economy together to form the starting point in restructuring the system. The latter view is incorrect because of a planned economy refers to the flow of man's subjective economic activities with knowledge of the objective rules and in observance of the objective rules in doing business. At the present stage, a planned economy comes into being in the functional form of a socialist commodity economy as opposed to a commodity economy of a spontaneous nature. The principal content of our production today is no longer the kind of natural self-sufficient economy which existed in the time of Tao Yuanming. It is still far from reaching the stage of a product economy when a commodity economy can be discarded. It is still only a commodity economy. We can say we are still in a stage of a socialist commodity economy which is still not well-developed. For this reason, a socialist commodity economy becomes the actual and principal part of the present stage of a planned economy. Without a commodity economy, what can still be left of planned economy? Thus, it may be said: A socialist economy is a planned commodity economy.

Since a planned economy takes the principal form of a socialist commodity economy, its management structure should be governed by the principal content of a commodity economy. In other words, it must suit the needs of a

commodity economy and should serve the cause of consolidating and developing a socialist commodity economy. Unfortunately, we have not done this for a long time. Instead, it has usually happened that one set after another of management rules were issued subjectively from the upper level to the lower levels, requiring the commodity economy to follow these rules, obey them and serve them. Any disagreement was restrained by force of political power. Such actions actually reject and stop the functioning of a commodity economy and the law of value. It is like "cutting off part of the foot to fit the shoe". As a result, while a plan should be something subjective which still reflects the objective side, it does not respect objective laws. It does what it likes and "the wishes of high officials" are allowed to become devastatingly dominating. The original purpose of planning is to oppose those factors which can breed anarchism. But a "plan" which does not correspond with the objective reality of a commodity economy and the law of value becomes the source which breaks down economic laws and intensifies the state of anarchy. This is the principal reason why our national economic plan has been in a weak state for a long time.

Therefore, our present economic management system must be restructured with the conditions of a socialist commodity economy as the starting point and with due regard to the context of a socialist commodity economy.

The existence of a socialist economy as a kind of commodity economy requires that factory enterprises have certain basic rights which belong to commodity producers and commodity owners. These basic rights must be respected by people taking part in activities connected with a socialist commodity economy. Therefore, they form the principal basis for our restructuring of the system. The basic rights are:

1. Right of autonomy--The right of autonomy of an enterprise is a right which the producer of any kind of commodity must have. It is a concrete manifestation of the system of ownership of production materials. Under a socialist economy, there is relative mutual independence in varying degrees. The right of self-management exists not only among enterprises owned by the whole people and enterprises owned by collectives but also among enterprises owned by the whole people themselves. Lenin said: Under conditions of socialism, every large enterprise must demonstrate it can dispose of its funds and materials independently and with the right of self-management. Some people may say: "The right of self-management of enterprises owned by the whole people comes from the state; thus, if necessary, it may be withdrawn by the state. This is incorrect. The right of self-management of an enterprise, as the embodiment of a kind of production relationship, is not decided by the wishes of the state in the final analysis. The state can never give or withdraw as it wishes. It is decided by the level of its production capacity and above all by its material and technical foundation in production. At present, in any socialist state, the technical level of production reached is still not sufficient to enable the socialist enterprises to reach the stage where commodity production may be dispensed with.



The present system of ownership by the whole people is, in effect of a much lower level than communist ownership by the whole people. It is an "incomplete," that is to say, immature and a much lower type of ownership by the whole people. The incomplete nature is mainly seen in that while the principal part of ownership is by the whole people in essence, on the nonessential side the ownership still shows symptoms of being collective in nature. This is in accord with the natural development of things: Ownership by the whole people just emerging from the original status of private ownership cannot reach its goal all at once and fully become pure ownership by the whole people. For the present, the reason why the right of self-management is necessary is because it is an indispensable force pushing the development of enterprises owned by the whole people.

2. Right of equality--Marx believed that under a commodity economy and among commodity producers there exists a naturally endowed right. This is the right of equality. Here, the so-called "right of equality" means that to determine its value each kind of commodity must be weighed by "a pair of scales" to measure the amount of labor input. The owner of a commodity can only exchange it for another commodity of an equal value. No one can, without due compensation, take another party's fruits of labor through unfair methods--methods which ignore the principle of equal value. Equal value exchange is an indicator of the right of self-management of the enterprise taking part in the exchange of commodities. Ignoring the principle of equal value in exchange is tantamount to refuting the self-management right of the enterprise and refuting commodity economy itself.

3. Right of competition--Lenin said competition was not confined to capitalism but was a basic feature in the production of commodities in general. Since the value of a commodity is determined by the amount of society's labor input, the producer of a commodity will do his utmost to cut labor input to below the norm established by society so his commodity will gain an advantageous position in marketing. In this way, competition naturally results. Lenin said: "The relationship between independent producers who do labor work for the general market is called competition." (Lenin: Collected Works, Vol 1, p 81) Marx also said commodity producers "do not acknowledge any authority except competition." (Marx: "Das Kapital," Vol 1, p 394) Because of competition, the inherent force of a commodity economy is converted into a compelling force from outside, making each commodity producer always heed ways to improve technology, cut down consumption and increase labor productivity. On a very large scale, competition can help society cultivate ambition, a firm will and a spirit of bold initiative. The production of socialist commodities cannot do without competition. Without competition, a socialist commodity economy will lose its means of subsistence.

4. Right of profitmaking--The ultimate goal of the right of self-management, equality and competition of an enterprise is to make a profit for the enterprise. Given the right of profitmaking, an enterprise will closely link together the material benefits for the enterprise with plans for its development and progress including progress in technology, improving management,

raising the quality of products, increasing varieties and so forth. It will make the management of the enterprise pay close attention to the operating conditions of the enterprise and push its development. Without the right of profitmaking, the fruits of production will belong to others and not to the enterprise itself. The management will then have no concern for the enterprise and the enterprise will be unable to make any progress. Consequently, Lenin emphasized that under a socialist economy "it is still necessary to build all the large departments of the national economy on the basis of concern for individual interests." If we fail to do so, "we will suffer on each and every step." (Lenin: Collected Works, Vol 33, p 51).

Furthermore, every enterprise engaged in commodity production must have some right of free trade.

It is true that under the socialist commodity economy, the abovementioned rights, as compared with before, have undergone certain changes in content and form due to various economic conditions. For example, the right of self-management no longer belongs to the petty producer or to the capitalist but to the workers in collectives. Also, the right of profitmaking is no longer the appropriation or exploitation of the residual value created by the workers and farmers. Rather, it is appropriating a portion of the fruits of one's own labor. However, these rights are indispensable to producers of socialist commodities. All the rights of commodity producers as mentioned above are the concrete manifestations of the law of value seen from different angles. To refute them is tantamount to refuting the function of the law of value. If we fail to attach importance to them, we will also fail to attach importance to making good use of the function of the law of value.

Thus, it can be seen that to develop the socialist commodity economy and to develop socialist construction enterprises, it is necessary to restore, respect and maintain all these rights of commodity producers in conducting all economic activities, including production, exchange, distribution and consumption. In the past, various problems emerged in economic management because we neglected this important economic condition of commodity economy. We ignored the rights of enterprises as commodity producers. We even trampled upon and took away these rights. This was important cause of economic imbalances.

Under present circumstances, how should we proceed to do the necessary restructuring work of the economic management system, giving due regard to the rights of a commodity economy and starting with the basic conditions of a socialist commodity economy?

First, we need to expand the power and interest of an enterprise gradually. In the past, our country adopted a system calling for the state monopoly of commodity purchasing and marketing and the unified receipt and expenditures in the field of public finance. An enterprise was only a "bead in the

abacus", to be moved up and down at the wish of the administrative organs at the upper levels. It had almost no power of its own. As a result, among the enterprises there came into being the phenomenon of "three indifferences"--indifference toward economic responsibility, indifference toward economic interests and indifference toward economic results. From now on, if any attempt is made to establish and strengthen the business accounting system of an enterprise, the power of management must first be returned in large measure from the state to the enterprise to be seen as the self-management right of the enterprise. Endowed with this power, the enterprise can unify power and responsibility so it has both responsibility and power and can of its own accord strengthen the management of the enterprise and push its development.

Second, we need to replace the system of unified allocation and direct distribution gradually by a system of exchange of commodities among the enterprises owned by the whole people. In "Das Kapital," Vol II, Marx made a detailed analysis of the three organic parts of the market in society. He laid special emphasis on the market for the mutual exchange of products by the enterprises under the first category, pointing out its great importance and lasting effects on the entire market and on the national economy. We did away with such a large-scale market. This destroyed the equilibrium of the unified market of society and in turn destroyed the equilibrium of the entire national economy. In addition, among the enterprises owned by the whole people, the phenomena of a large accumulation of unused materials, lagging production, failure to improve product quality, extravagance and so forth became very serious. Therefore, the present system must be restructured. The only way to do so is to replace the system of allocation of products by a system of exchange of commodities.

Third, we need to gradually replace the planned management system that flows from the upper levels to the lower levels to one that flows from the lower levels to the upper ones. Relations under the commodity economy are mainly those of a division of labor and mutual cooperation and those of mutual exchange of products--relations which are horizontal in nature. According to Marx, the balancing of the supply, production and distribution activities of an enterprise hinges on the unification of these three factors. Only through the realization of such a unification can an enterprise maintain reproduction on a normal and sustained basis. In his analysis of capital reproduction in society, he pointed out that society's capital is not simply combining the capital of individual units. On the contrary, it is an organic whole. The activities in supply, production and marketing of an enterprise are related to those of many other enterprises. The structure of a socialist national economy is formed as an organic whole on the foundation of the activities in supply, production and distribution of hundreds and thousands of enterprise units. The socialist national unified plan also endeavors to see such complicated economic relationships of the national economy reflected subconsciously and realized. Targets set by the national plan should be the coordinated results of layer after layer of departmental plans and locality plans on top of individual enterprise plans and locality plans on top of individual enterprise plans as the

foundation. Only a plan conceived in this way is scientific. This is true because such a plan comes from reality, reflects reality and can therefore perform the function of guiding reality.

Fourth, we need to gradually restructure the management structure of commerce and price. One important drawback of the business management system currently in force is its extreme "rigidity." Business is a trade engaged in organizing the flow of commodities and must be transacted in a "lively" manner. Hence, there is a need to restructure certain management systems currently in force. They must be allowed to compete with each other and must be given a certain degree of freedom in trade. We had the following problems with price control in the past: First, it was lopsided. The result was that the prices of many commodities differed widely from their actual value. Second, it was too rigid. While there should have been a change, the prices of many commodities stayed put and appeared to have been frozen. Third, it was too broad. Planned pricing covered "the whole universe" so to speak, leaving no room for free pricing. "Lopsidedness", "rigidity" and "excessive breadth" all run against the law of value and break the principle of exchange at equal value. They adversely affect commodity production and the development of barter trade and pose a threat to people's livelihood. To overcome these maladies, there must be recourse to the power of exercising price control over commodities. A firm and positive step must be taken to readjust prices.

Fifth, we need to organize the majority of industrial enterprises gradually into different companies to conform with the principles of specialization and coordination. With the advance in technology and the promotion of a division of labor in the social structure, industrial production must become more specialized. Coordination accompanies specialization as a natural sequence. Specialization is the vanguard of coordination while coordination is the natural result of specialization. The two must supplement and support each other. Otherwise, there is no way to unify the reproduction process. In order to realize this relationship smoothly and put it into operation, there must be respect for the enterprises' rights of self-management, exchange at equal value and so forth.

Furthermore, in the restructuring of our economic management system, which should be based on the conditions of a socialist commodity economy as the starting point with reference to the conditions of a socialist commodity economy, the function of the banking institution must be fully brought into play. At present, there is an urgent need in capital construction and in the expansion of reproduction activities for methods of compensatory bank advances to be used to replace the method of noncompensatory financial allocations. This will enable enterprises to give important attention to business accounting, to watch for economic results and to upgrade the economic responsibility system.

Aside from the development of a socialist commodity economy, there is also a need to vigorously develop many other related departments such as lease and rental, the trust and service trades and so forth. This would bring about an all-round development of the national economy.



## NATIONAL ECONOMIC POLICY

### 'RENMIN RIBAO' DISCUSSES PROMOTION OF MANPOWER TRAINING

HK311018 Beijing RENMIN RIBAO in Chinese 21 Dec 79 pp 1, 4 HK

[Editorial: "The Four Modernizations Require Serious Attention To Be Paid to Manpower Training"]

[Text] In managing the economy and going in for the four modernizations, we need a large number of economic management cadres as well as scientists and technicians. Without a large number of qualified specialists, we shall not be able to raise the level of management and technology, bring the role of the solid foundation of the existing economy into full play and digest the introduced technology, much less talk about creating something new.

Marxism holds that in the final analysis, the development of productive forces invariably comes from mental labor, from the development of natural sciences in particular. In economically developed countries, manpower training is always placed in a prominent position. In today's world, scientific and technological exchanges are very widespread, without a single country not studying advanced foreign technology. Without exchanges and study, there can be no development. If we do not study, we shall be unable to realize the four modernizations. To carry out exchanges and study, we must pay serious attention to manpower training.

There are too few scientific and technical cadres and economic management personnel in our cadre structure. It would be better if the whole country had 2 million qualified teachers, 5 million scientists and technicians and another 2 million personnel who were good at doing business. Naturally, it is not that China does not have talented people; it is that some of them have not been discovered and used. If this question is not quickly solved now, then our four modernizations will certainly be affected.

According to investigations, China already has several million scientists and technicians. Numerically speaking, this is not too few; qualitatively speaking, some are top-rate people really up to the mark. However, generally speaking, the number is still insufficient and the level still not high enough. At present, the ranks of qualified specialists of various lines



and trades must still keep on expanding and the level still be energetically improved. Furthermore, they must be used in a very rational manner. What is more, there are now still several hundred thousand scientists and technicians not assigned to the work they were trained or specialized in. This is a big waste. We should organize them and promptly return them to the ranks.

We must boldly make use of and promote those intellectuals with real ability and learning who are steadfast in work so that specialist cadres of various lines and trades such as engineering technical cadres, farming and animal husbandry technical cadres, economic management cadres, theorists, scientists, teachers, doctors, judges, lawyers, artists and athletes can all play their respective roles to the best of their ability and give full vent to their wisdom and talent. Those with real ability and learning, high ideological consciousness and proper work styles who are honest and diligent must be promoted to leadership posts at various levels. Many party committees have paid attention to boldly making use of technical specialists. Some cadres of worker and peasant background through diligent study have become specialists with real ability and learning and brought their role fully into play at their respective posts. Party and government organs at various levels must seriously listen to the views of specialists in the fields of science. Technology, economics and finance and trade and invite those concerned to participate in the study and formulation of major policy decisions. As everybody knows, the famous Soviet electrification plan was formulated with the participation of many specialists invited by Lenin. Burying or wasting qualified people will be making a mistake; moreover, it will be a historical mistake.

Even more importantly, while boldly making use of and promoting qualified specialists, at the same time we must energetically train new ones. The training of qualified people must take place as early as possible prior to the construction of new key projects. The training of large numbers of qualified people able to shoulder modern undertakings takes 10 to 20 years and requires serious planning as well as realistic methods. There should also be an objective proportion between economic construction and scientific, cultural and educational undertakings. Can large-scale construction and the four modernizations be carried out without large numbers of qualified people? Stepping up manpower training is the most farsighted policy, for it takes future economic development into consideration. Apart from paying attention to the training of scientific and technical cadres, technically advanced nations also pay special attention to the training of administrative personnel. Among the students at schools, many are taking up business administration and training to be the managerial personnel of the future. Besides this, these countries also have many business administration schools and hold short-term training classes to train managerial personnel. All major companies also operate training classes to improve the administrative level of their staff. This kind of experience deserves to be used as reference by us.

[HK311020] Economic management is a science. All cadres who engage in economic work should make the effort to learn so they can become professionals. To run industry, agriculture, commerce, communications and various enterprises well, we must always rely on specialists. We cannot run things well by relying on nonprofessionals. Since we are nonprofessionals at the start, we must also learn in the course of practice to become professionals. We have need of more and more specialists of various lines and trades to participate in and manage various state undertakings. We cannot negate the specialists and the authorities. Specialists are simply people with thorough investigation and study and a rich knowledge of certain special fields. Authorities are simply people of high prestige with long experience in certain professions, more familiar with the objective laws in these fields than other people. If the top two people in a factory do not understand technology and economic management and if the people who understand technology and economic management are placed at the very end of the line, then such a leading body cannot run a socialist enterprise properly. Now that we have brought up a group of cadres and technicians familiar with trade, we must promote them. Moreover, in the past the criticism of "running factories by specialists" was most severe. This has been described as a manifestation of the revisionists line dominating an enterprise, a "crime" arbitrarily attributed to "the 70 articles on industry." Practice has proven that this kind of criticism was all wrong. The running of factories by specialists does not mean that the specialists are above everybody. What we advocate is that the factory director should shoulder responsibility under the unified leadership of the party committee and give full play to the functions of a factory director (one who knows the operation), chief engineer, chief craftsman and chief accountant and give full play to the roles of specialist and technician. This was the way before, this is the way now and this will also be the way in the future. There was a period in the early part of the founding of the People's Republic when we had no or only very few specialists. However, that was just a temporary phenomenon beyond our control. Similarly, we also advocate the running of universities by professors. People must always have a bit of knowledge before they can run universities. When Lin Biao and the "gang of four" ran wild, it seemed that the best thing was to have no knowledge. They had no knowledge themselves and were also afraid other people might acquire knowledge. They did not understand technology and were also afraid other people might understand it. It seemed that without knowledge there would also be no "bourgeois intellectuals," and without technology there would be no "technical authorities." Without specialists, there would also be no "running of factories by specialists" and no "specialist line." Naturally, advocating the running of factories by specialists and universities by professors does not mean that we do not want party leadership or the mass line. However, the key to the four modernizations is the modernization of science and technology. Moreover, the modernization of science and technology depends a great deal on the ability of the large number of specialists in science and technology to make contributions. A geneticist may not know anything about cultivating the land or raising hogs. However, the improvements carried out on breeds and variety based on his genetic theory

can nevertheless bring about a rapid development in agriculture and animal husbandry. This is self-evident.

We have a contingent of workers in the tens of millions. This is our valuable asset. Their technical, vocational and cultural levels should all be universally improved. The technical level of our workers is not high. This is a general problem. Therefore, our labor productivity is improving slowly, which means we must run all kinds of training classes and technical and vocational training classes to strengthen training work. Many workers will become the specialists of the future. The spirit of being willing to carry out strenuous struggle is valuable and must be unremittingly fostered. However, this alone is not enough. We must still rely on the boost provided by science and technology.

As for scientists and specialists in various fields, we must show them enthusiastic concern and assist them politically. At the same time, whenever possible, following the development of production, we must also improve their working conditions and livelihood step by step.

CSO: 4020

## NATIONAL ECONOMIC POLICY

### 'RENMIN RIBAO' DISCUSSES ACCUMULATION, CONSUMPTION

HK290445 Beijing RENMIN RIBAO in Chinese 7 Dec 79 p 3 HK

[Article by Xuyi [6079 3015] and Huang Jupao [7806 5468 3134]: "Several Questions on Accumulation and Consumption"]

[Text] The proportion between accumulation and consumption is an important issue that concerns the speed of the state's construction and the people's standard of living.

Practice in our socialist construction has shown that the economy grew rapidly during a period in which the proportion between accumulation and consumption was proper; however, when the proportion was out of control, there was a setback in our economy. During the 1st 5-Year Plan and during the period when the principles of readjusting, restructuring, rectifying and improving were being carried out, we were able to control the accumulation rate at around 22 to 24 percent and to make an overall planning for both the state's construction and the people's livelihood. These proper measures also resulted in the consistently high development of production. However, we undertook excessive capital construction during the first several years of the 2d 5-Year Plan, with an accumulation rate as high as 40 percent. In addition, during the period when the "gang of four" ran rampant, the accumulation rate was kept at over 30 percent for 7 consecutive years. The accumulation rate was very high during these two periods, but our production decreased and the economy was seriously hampered.

Under certain national income conditions, accumulation and consumption will affect each other. Excessive accumulation causes a decrease in consumption, affects the people's livelihood and brings about many problems in wages, employment and scientific, cultural and education activities. It hampers the positive factors of the masses and is not in the interest of stability and unity.

A method in which a high accumulation rate is exercised for quite a long period is in fact a method for carrying out production and construction by cutting down consumption. This method will eventually push the economic proportion out of balance. With excessive capital construction that goes beyond the objective feasibility of the means of production, this method will eventually affect simple reproduction and the markets for agricultural



and industrial products. This method demands that priority should be given in producing the means of production. It will result in the isolated development of heavy industry and a series of other "chain reactions" and in hampering the comprehensive balance of the national economy that will only push the proportions of all sectors out of balance and make our economy develop lopsidedly.

The purpose of the socialist construction is to meet the demands of the people's material and cultural lives. If our economic works run counter to this purpose, then the socialist nature of our economy will change.

In implementing the principles of readjusting, restructuring, rectifying and improving the national economy the most important thing is readjusting work. If we are to do well in readjusting the relations of proportions among all sectors, we must first readjust the relations of proportion between accumulation and consumption, cut down capital construction and lower the too high accumulation rate. It is only in this way that we can eliminate all elements that cause instability to the national economy and overcome confusion in production, construction, the flow of goods and distribution. It is only in this way that we can direct our national economy to develop consistently, systematically and proportionately.

Following the smashing of the "gang of four," our country took a series of measures to improve the people's livelihood on the basis of the production that had been restored and developed. No doubt, these measures are important in improving the excellent situation of stability and unity and in readjusting and developing the national economy. But increases in consumption will eventually be followed by decreases in accumulation. If the workers and peasants get more distribution from the national income, the income accumulated by the country will decrease and investment for capital construction and expenditure will be cut down. Now the question is that although the party Central Committee has repeatedly ordered that capital construction be drastically cut down, some departments and localities have still not quite decided to implement this order. According to state plans, some projects must be suspended or carried out later; however, they are still under construction. To carry out their projects that ought to be suspended, some departments and localities have turned their big projects into smaller ones and turned capital construction into technical measures. Although it seems that they have suspended the projects, they are covertly continuing them. Some others have stopped their installation projects but maintained their civil engineering projects or suspended their investment but maintained their projects. If this situation is not soon changed, then the plans for the expansion of funds and goods will be continuously affected, the confusion in the national economy will continue to exist and readjustment work will be difficult to realize. Experience over the past 30 years has proven that the size of construction must be in line with financial and material power. To insure that the economy will develop stably is an important condition. Excessive accumulation and construction have always brought about an unbalanced national economy. [HK290500] It has also been proven that to adjust an economy that is out of balance, it is imperative to cut down on capital construction investments and shorten the capital construction front.



However, some comrades maintain that if we lower the accumulation rate and cut down the size of capital construction, then the expansion of reproduction will not be guaranteed. This assertion is groundless whether in practice or in theory. First, in readjusting the national economy it is only natural that some projects will be suspended while others will be carried out and advanced. No matter what measures are taken, the purpose is to serve our economy. When our economy was under readjustment in the 1960's, proper measures were taken to cut down some capital construction projects. We were able to improve production the same year. Our production then began to develop rapidly in the following years. This practice provided a very good experience for us. Now the issue is that we are undertaking tens of thousands of capital construction projects. Each department concerned is stockpiling enormous amounts of material and consuming enormous amounts of energy and electricity while a great number of enterprises are not in full operation because of a lack of material and coal. So if we do not properly cut down capital construction, it will be impossible to promote production. Secondly, accumulation is the source for the expansion of reproduction, but its size does not rest with the people's will. If the accumulation rate goes beyond the limit of the surplus products that can be turned into accumulation, this accumulation rate will then be excessive. Once this happens, we will not only be unable to expand reproduction, but reproduction on the contrary will be spoiled. If we lower the rate and put the size of the construction line with the capability of the production in supporting the accumulation, we will still be able to accumulate and expand reproduction. Thirdly, the speed of production and construction is decided not only by the size of accumulation but also by the efficiency in using this accumulation. Over the past decade, the amount added to the state's income by yuan accumulations was only about a half the figure during the 1st Five-Year Plan. That is to say about a half of the investment did not produce profits. It is apparent that as long as we work conscientiously to create comprehensive balances, strengthen the management of capital construction and raise the efficiency of how we use the accumulation to the level we reached during the 1st Five-Year Plan, then we will be able to speed up the development of production even if investment is cut back.

The relations of proportion between accumulation and consumption are fundamental to the national economy. In planning the national economy, particular attention must be given to see that the relations are arranged properly. If accumulation is out of control, it will inevitably affect the whole economic situation. To correctly handle the relations of proportion between accumulation and consumption is not only an urgent task in readjusting the national economy but also an important one that must be persisted in for a long period in carrying out economic work.

To do well in readjusting the economy and handling the relations of proportion between accumulation and consumption, we must overcome the ultraleftist ideology which claims that "leftist" is better than rightist, combine a good work style with a far-sighted strategy and have definite principles and resolutely implement the following principles:

1. Control the accumulation rate. The key-point in controlling the accumulation rate is to control the size of capital construction within the objective feasibility of financial and material power. Historical experience shows that it is necessary to study and decide on an appropriate proportion of capital construction investment according to financial expenditures. This proportion must be kept relatively stable for a certain period. Each year, the size of capital construction can only be decided on under the condition that our finance, credit and material goods are balanced. There should be no "deficit" in our capital construction investment. That is to say, the size of our capital construction must be kept within a certain limit to prevent a budget deficit. We also cannot arbitrarily expand capital construction at the expense of cutting down simple reproduction and affecting the people's material and cultural livelihood. Once other fields and departments are affected by arbitrary expansion of capital construction, they will eventually have an outstanding debt, which in fact is a hidden "deficit" with greater harm. To control capital construction investment within an appropriate proportion of financial expenditure is very important in stabilizing finance, comprehensively stabilizing the national economy, preventing a "deficit" in capital construction, promoting the readjustment work of the national economy and in insuring that all fields will develop proportionately.

2. Production and construction must be arranged from the point of consumption to reach the consumption goal. Our planning works must consciously abide by the basic objective laws of the socialist economy. In working out our planning, we must do well in handling the relations between production and consumption, and consumption must become our starting point and goal in arranging production and construction. Our economic planning must be made in such a way that it will promote the work of arranging the people's livelihood. [HK290510] It must also help raise the standard of the people's material and cultural lives and properly arrange the size of accumulation and construction. If the planning of the national economy is made in this way, we will be able to systematically and efficiently control the relations of proportion between accumulation and consumption. The population of our country is more than 900 million, and we must improve their standard of living year by year. In this way, our people will be happy and our country will be able to expand accumulation and develop construction. This is the basic condition for realizing stability and unity, mobilizing all positive factors and speeding up the four modernizations. Our agriculture, light industry and building industry are mainly to serve and meet the needs of the people's livelihood. These departments need additional means of production to expand their production. In this way, these departments will help develop heavy industry. Heavy industry arranges its production according to the needs of agriculture, light industry and the building industry. In making its production arrangements, heavy industry itself will consider its own development. In this way, our heavy industry will develop along with other departments. In this way, we will be able to readjust the lopsided economic structure that gives prominence to the steel industry and that is characterized by the heavy industry that mainly serves itself. In this way, our heavy industry will be shifted onto the road of serving agriculture and light industry, thus insuring that the national economy will develop systematically, proportionately and consistently.

3. We must set up a proper economic system. Readjustment is the base for reforming our economic system. It will be difficult to reform our economic system. It will be difficult to reform the economic system in a big way without readjusting the economy. But it is necessary and possible to properly carry out reformation when readjustment is being undertaken. Good reformation work will promote readjustment work. There are many shortcomings in our economic management system. The most prominent examples are that administrative power departs from financial power and the distribution of funds from the distribution of materials. More than 10 billion yuan are allocated each year as funds for enterprises so these enterprises can purchase new equipment or renovate their equipment, but there are no corresponding channels for supplying the equipment. Although the materials needed by capital construction are guaranteed, the materials needed for replacing old equipment and renovating equipment are not guaranteed. To expand capital construction, some competent authorities and localities rely on their administrative power and order to carry out construction without allocating funds; sometimes they supply equipment without allocating funds or leave an investment gap. The result of these practices is that many departments will affect each other and our capital construction front with so much construction will only become longer and longer. It is apparent that if we do not reform our present system, it will be difficult to shorten the capital construction front and the readjustment work of the national economy will not be carried out smoothly. In carrying out reformation, the situation must first be changed in which administrative power departs from financial power, capital distribution departs from material distribution and economic responsibility departs from economic interests. In this way, our enterprises will really enjoy the rights of self-determination.

4. We must vigorously increase production and practice economy. To increase consumption and accumulation we must increase production and practice economy. Historically, an important method of overcoming economic difficulties has been to launch drives to increase production and practice economy in a big way. The bigger the achievements of the drive, the quicker the increase of the national income and the smoother the work of carrying out readjustment work. The management work of many enterprises at present is chaotic. Labor productivity is low, the consumption of raw materials and energy high and waste very serious. As long as we launch and persist in the drive to increase production and practice economy, conscientiously carry out readjustment work, improve management and strengthen economic accounting work, we will be able to tap all potentials, speed up the development of production, considerably improve economic growth and guarantee that economic readjustment work will be completed smoothly.

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## ECONOMIC PLANNING

### JOBS FOUND FOR UNEMPLOYED YOUTH IN BEIJING

Places Found for 120,000

Beijing BEIJING RIBAO in Chinese 18 Nov 79 p 1

[Text] Starting in April of this year, the 14 wards in Beijing's suburbs went all out to mobilize the masses to open all avenues and vigorously organize the production and service of collective ownership to find jobs for unemployed youth in the city, with good results. Over 120,000 unemployed youth throughout the city have now been placed. Over 1,400 new production and service cooperatives and teams have been created, and there are over 140 service projects in progress.

Organizing unemployed youth has many advantages for developing municipal neighborhood collective economies. One is that it plays an important role in increasing production and improving municipal service work. The Songzhu [2646 4554] Woollen Mill in the Chaoyangmen [2600 7122 7024] Neighborhood used to have over 180 employees mainly producing woolens. Since this year over 170 unemployed youth have been hired, which has promoted the development of production. By July this plant's gross income was over 1,100,000 yuan, two times greater than the same period last year; profit was 120,000 yuan, two and a half times greater than the same period last year; in the first 6 months of this year it generated nearly US \$200,000, which was more foreign exchange than they generated in all of last year. The 12 woodworking and repair cooperatives and teams organized by Dongcheng [2639 1004] Ward have already manufactured over 2,300 pieces of furniture for the inhabitants and units, which satisfied many needs and have been well received by the users. Second is that the unemployed youth have jobs and income which improves their domestic relations and promotes social stability and unity. An unemployed girl in the Tianqiao [1131 2890] Neighborhood had been living with her husband's family, and there were constant disagreements between mother-in-law and daughter-in-law as well as between husband and wife. The neighborhood committee helped her get work so that there is some income every month and the family is at peace now. Third is that organizing unemployed youth is beneficial to mobilizing their initiative to contribute their strength to the Four Modernizations. Many of the unemployed youth had learned a certain special technology while laboring in villages and farms, or had engaged in vocational or technical studies on their own. Their specialities were



taken into account when they were placed so they would find suitable work and their intelligence and wisdom would be developed. A plastics plant in Qianmen [0467 7024] Neighborhood used to have over 20 old women making plastic bags. Since 1974 they had been using a small flatiron, which was laborious and affected quality. After an unemployed youth began to work at the plant, in cooperation with another youth, for only a little more than 13 yuan they manufactured a home-made heat sealer which doubled work efficiency. Fourth is by helping young people find work the relationship between the party and government and the masses has become closer.

In organizing young people to find work, neighborhood cadres have listened to the opinions of the masses and actively organized production and service undertakings. The Qianmen Neighborhood held many conferences to understand young people and heads of households and retired workers, and organized neighborhood cadres and activists, visited over 2,200 families and over 6,700 youths and heads of households, and met widely with unemployed youth so they understood them well. In the past when unemployed youth went to the neighborhood office the cadres didn't want to be bothered, but now when they see them they take the initiative to greet them and help the neighborhood be active.

In the process of placing unemployed youth, the ward committees and neighborhood committees made this one of their responsibilities. They relied on the masses to build this enterprise through arduous work, doing their utmost not to ask for help from the state. Lacking technical personnel they fully developed the role of the retired workers, old artists, old craftsmen, old teachers and old cadres, and asked these older people to be advisors and teachers to pass on their skills and set an example. In the process of organizing cooperatives, the neighborhoods upheld the direction of service for production, standard of living and exports, and upheld the principles of making good omissions and deficiencies, repairing the old and utilizing the discarded, small-scale distribution and independent accounting units, assuming sole responsibility for profit and loss and to each according to his work. They also carried out the policies of considering seniority when young people entered the cooperative, freedom to enter or withdraw from the cooperative at will, without affecting recruiting workers, entering college or participating in the army, which was supported by the unemployed youth, and they joined the cooperatives one after another.

Placing unemployed youth was also vigorously supported by the Central Committee and the municipal units concerned. Many units voluntarily helped the wards and neighborhoods to think of ways to create job opportunities, and in addition provided support with sources of goods and products and also transfer of products, helped train technically and supplied equipment. Some even adopted such forms as attaching a cooperative to a plant or running a cooperative jointly with a neighborhood, in an attempt to arrange work for more youth.

For the last 6 months, there are clear successes in Beijing's work to place unemployed youth, but some concerned point that there is still much to do



to complete this year's unfinished placement mission, while those concerned are continuing to work hard at accelerating placement. The collective production and service units already organized are also in the process of strengthening youth thought education: they have established strong rules and regulations for good management and administration; they have strengthened leadership and established strong organizational agencies of production and service cooperatives at various levels to consolidate and improve the work.

### Light Industry Takes 10,000

Beijing BEIJING RIBAO in Chinese 26 Nov 79 p 1

[Text] In mid-April the Second Bureau of Light Industry began finding work for unemployed youth, and by the end of September by various means they had arranged for 12,642 persons, expanding production and strengthening the collective economy of the city. The methods used by this bureau to place the unemployed youth were the following:

1. By developing the plant and equipment potential of existing neighborhood collective enterprises, these old enterprises added new production forces. In the city's suburban wards there used to be 849 neighborhood collective enterprises which manufactured goods for the second light industry system. Most of these enterprises were developed in 1970 by neighborhood women's production teams, so there was already some base and scale of production, but there were many old, weak, sick and disabled, so the production strength was low and in some cases there weren't any people to carry on. The Second Bureau of Light Industry used recruiting of new workers for these enterprises as an important way to find work for unemployed youth. Now, through appropriate expansion of the quantity of products manufactured, 7,276 unemployed youth have been placed in jobs, strengthening the existing neighborhood collective economy without increasing plant or equipment.

2. Helped the neighborhood with technical training, organized centralized and decentralized needlework and production cooperatives. Many unemployed girls wanted to do needlework production at home but suffered from lack of skill. Xu Shuqin [1776 3219 0530], deputy manager of the Drawn Work Industry Company of the Second Bureau of Light Industry and two cadres went through the wards and neighborhoods inviting over 20 experienced craftsmen who had retired from needlework plants to help run over 30 technical training classes in the three neighborhoods at Yongdingmen [3057 1353 7024], Guanganmen [1639 1344 7024] and Deshengmen [1795 5168 7024], so that over 3,200 unemployed girls learned needlework and organized needlework production cooperatives. The important process of designing, dyeing, cutting and ironing are centralized in the cooperative, but most of the girls can work at home. To reduce time links and guarantee that the cooperatives will have more common accumulation, the Drawnwork Company provided the three cooperatives with a technical and production management team of retired cadres and master craftsmen so that the cooperative could be run independently and could sign production and marketing contracts directly with foreign trade departments.

3. Added new cooperatives to existing plants by transferring downward products and processes of the existing plants. The Beijing Shirt Plant in the Zuojiashuang [1563 1367 8369] Neighborhood of the Chaoyang [26007122] Ward organized a clothing production cooperative of over 60 unemployed youth and supplied 50 sewing machines. This cooperative has now begun to produce clothing for the domestic market for the Beijing Shirt Plant. The Beijing Handicrafts Plant in the Baizhifang [4101 4786 0972] Neighborhood helped over 30 unemployed youth learn techniques of painting ceramics, and organized the Baizhifang Handicrafts Production Cooperative with production unified by the handicrafts plant. Up to now there have been 21 production cooperatives and production teams established within the Second Bureau System by adding new cooperatives to existing plants, which has provided employment for over 3,700 unemployed youth.

4. Unemployed youth have gone to work in plants on a temporary or contract basis in basic plants which have seasonally urgent production missions. Over 1,600 persons have been placed in this way by now, including unemployed children of employees in the same plant. Although it is only temporary work, it relieves some of the domestic troubles of the head of the house, so it has been beneficial.

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## ECONOMIC PLANNING

### HEBEI HOLDS CONFERENCE ON INDUSTRY AND COMMUNICATIONS

HK060847 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT  
27 Dec 79 HK

[Excerpts] The Hebei Provincial CCP and Revolutionary Committees held a provincial telephone conference on production in industry and communications on 26 December, which called on the provincial industry and communications front to organize a great mobilization, work with all strength from the higher to the lower levels, base their work on early action, and overfulfillment, solidly promote production and readjustment and resolutely strive for a good start in the first quarter. The conference was presided over by Guo Zhi, secretary of the Provincial CCP Committee and vice chairman of the Provincial Revolutionary Committee, Yu Zongtai, deputy secretary of the Provincial CCP Committee and vice chairman of the Provincial Revolutionary Committee spoke.

After affirming the results and experience gained in 1979, Comrade Yue Zongtai laid emphasis on the tasks of the industry and communications front in the first quarter of 1980. He said: Next year will be the key year in the 3 years' readjustment of the national economy. We must continue to seriously implement the spirit of the 3d plenum of the 11th Central Committee and the 2nd session of the 5th NPC, eliminate the remnant poison and influence of the ultraleftist line of Lin Biao and the "gang of four," and solve well the remaining questions in implementing policies. We must emancipate our minds, mobilize all positive factors and develop the good situation of stability and unity in order to speed up production and construction on the industry and communications front. We must continue to promote the shift of the focus of work. Leaders at all levels must further concentrate their attention on grasping production and construction. It is necessary to speed up the pace of readjustment of industry and the rectification of enterprises. Taking rectification as the lever, tightly grasp rectification and speed up production. We must steadily grasp tapping potentials, innovations and reforms and speed up the progress of completing and putting into operation key projects. We must widely and deeply launch the movement of practicing economy and increasing production centering on fine quality, high output, lower consumption and more variety.

We demand that the province fulfill 24 percent of the whole year's plan in the first quarter next year, and strive not to drop below the average daily production level in the fourth quarter of 1979. In every economic and technical target we must strive to reach and exceed the previous best level. It is necessary to fight a great battle for saving energy and continue to work hard on improving the quality of products and increasing the variety. We must promote the upgrading of products and catch up with and surpass advanced levels at home and abroad. The light and textile industries must record comparatively great growth. We must grasp the production of support-agriculture products, grasp well transport and communications, and improve transport efficiency in a big way.

Comrade Yue Zongtai pointed out: In order to fulfill the above tasks, the industry and communications front must carry out a large scale mobilization, build the four modernizations with one heart and mind, go all out, and work hard for better results.

After citing numerous favorable conditions for the industry and communications front's fulfillment of 1980s tasks, Comrade Yue Zongtai said: According to the demands of our tasks and situation, and the lessons and experiences of 1979, the tasks that the industry and communications front must grasp well in the first quarter are: 1) We must continue grasping well the shift of focus of work; 2) We must promote the readjustment of industry and rectification of enterprises; 3) We must widely launch the movement of practicing economy and increasing production, and persist in increasing production by practicing thrift; 4) We must resolutely turn industrial production onto the track of putting quality and variety in the first position, and strive to increase production by improving quality and increasing variety; 5) We must seriously implement the principle of integrating planning regulation and market regulation, promote market regulation and provide more opportunities for production; 6) We must actively study policies and apply policies to mobilize the activism of enterprises and workers; 7) We must promote tapping potentials, innovations and reforms in existing enterprises; 8) We must continue taking special measures to promote the light and textile industries; 9) We must grasp in a big way the production of support-agriculture products; 10) We must bring into play the spirit of great cooperation and mobilize forces from every aspect to support the promotion of industry; 11) We must promote production safety and be concerned for the daily life of the workers.

Comrade Yue Zongtai stressed in conclusion the importance of promoting the construction of the four modernizations and strengthening ideological and political work. He demanded that everyone promote ideological and political work, participate in the construction of the four modernizations with one heart and mind, exert all strength, strive for better results, apply still greater revolutionary enthusiasm, and gain victory in the first battle in 1980.



## ECONOMIC PLANNING

### BRIEFS

NEW MONGGOL PRODUCTION MEETING--Hohhot, 3 Jan--The Nei Monggol Autonomous Region Party Committee recently called a meeting for secretaries in charge of industrial production in various leagues and municipalities to review the 1979 industrial production and plan the 1980 production. All those in attendance maintained that they must learn from previous lessons of wasting valuable time in waiting for state production plans and should plan the 1980 industrial production at an early date in accordance with the principle of integrating the planned economy and market regulation. They pointed out that two problems in industrial production have not been properly resolved for many years: 1) usual unsatisfactory production of some enterprises during the first quarter, or even the first half of the year, as result of belated production plans from the state; 2) shortage of popular products but excessive inventory of unmarketable products as result of incoordination between production plans and market demands. [OW080943 Beijing Xinhua Domestic Service in Chinese 0159 GMT 3 Jan 80 OW]

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## GENERAL ECONOMIC INFORMATION

### RECRUITMENT DRIVE PLACES 132,000 YOUTHS

Tianjin TIANJIN RIBAO in Chinese 8 Oct 79 p 1

[TIAJIN RIBAO 8 October report: "The City's Industry and Communications, Capital Construction, Financial and Commercial System, Cultural and Educational System, Public Health System and Other Systems Add New Activities"]

[Text] So far this year 132,000 unemployed youths have found jobs in our city through recruitment and replacement and taken up their post.

Recruitment and replacement of workers involves the interests of countless households. The Municipal CCP Committee and relevant municipal departments have deliberated many times on assignments to be made in connection with this task. The various district, county and office party committees have also taken it seriously. Their primary responsibility has been to make sure that comrades personally grasp this work. They have also set up specialized classes, studied relevant labor policies and correctly implemented the concrete measures of unified overall planning and the principle of selecting and recruiting the best. The municipal textile and construction industry offices conscientiously assumed responsibility for recruiting work and promptly made suitable arrangements. It took them only half a month to successfully complete their recruitment assignments. In an effort to maintain quality in worker recruitment the neighborhoods took care when transporting unemployed personnel to relevant departments to choose the best to be sent first. The municipal education, civil engineering and construction offices conducted literacy tests for unemployed personnel based on demand for particular types of labor and production requirements, and the results were satisfactory. Every unit earnestly strove to replace retiring workers with those workers' children. So far 62,000 youths have taken up posts in socialist construction as replacements for retired staff and workers.

This recruitment and replacement drive has added new activists to industry and communications, capital construction, the financial and commercial system, the cultural and educational system, the public health system and other systems. A large group of unemployed youths have been placed in jobs and their anxieties laid to rest. After taking up their work posts they studied technical vocations diligently and actively dedicated their

strength to the four modernizations. When machine operator Yuan Meili [0337 5019 7787] joined the Sixin Cotton Mill she studied with an open mind under a master worker, set strict demands on herself and tried hard to master production skills. Within half a month she was able to operate the machine by herself. Furthermore her operating technique had reached a proficiency level of the first grade in the plant and one that is advanced for machine operators in general.

According to responsible comrades in the municipal labor office, the labor office is now starting to prepare for a second worker recruitment drive which is scheduled to begin this month.

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## GENERAL ECONOMIC INFORMATION

### MORE THAN 80,000 UNEMPLOYED YOUTHS TAKE PART IN SOCIAL LABOR

Tianjin TIANJIN RIBAO in Chinese 8 Oct 79 p 1

[TIANJIN RIBAO 8 October report: "New Sources Tapped As Collective Production and Welfare Service Enterprises Are Vigorously Initiated"]

[Text] During the past 2 months more than 81,300 unemployed youths have been placed in social labor service jobs in our city's urban district.

As the placement work went on minds were liberated from old ideas, new sources were tapped and collective production and social service enterprises were vigorously initiated in every district and neighborhood, enabling the drive to place unemployed youths to surge forward. Some undertakings used every possible means to expand relatively stable service projects and established ways of processing and producing, adopted methods for increasing the number of machines and adding work shifts, tapped latent productive capacity in neighborhoods, and actively assumed responsibility for management of processing. Some enterprises tackled a new set of production and processing features, using leftover bits and pieces of industrial materials as raw materials, producing small commodities and performing export services. Some of the enterprises tackled the job of running aspects of the service network such as repair of wooden articles and electrical equipment, design copying, advertisement writing and industrial art, as well as the job of managing pedicab stations. Other enterprises took charge of service teams originally engaged in general labor and began transforming them step by step into special service teams for loading and unloading in transportation and for construction work. At the same time the principles of distribution according to work and more gains for more work were put into effect. Working youths' wages were raised to an average of about 40 yuan, and in some cases to 70 or 80 yuan, a move which aroused the enthusiasm of the broad mass of youths.

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## GENERAL ECONOMIC INFORMATION

### GUANGZHOU EXPANDS, IMPROVES ARRANGEMENTS FOR UNEMPLOYED YOUTHS

Guangzhou NANFANG RIBAO in Chinese 24 Oct 79 p 1

[NANFANG RIBAO 24 October report: "Guangzhou Municipal CCP Committee Decides to Take New Measures"]

[Text] In an effort to open avenues to employment and expand and improve arrangements for the city's unemployed youths the Guangzhou Municipal CCP Committee and the municipal revolutionary committee recently decided to take new measures, and the relevant departments are currently in the process of implementing them.

These measures provide for the following: While efforts to open avenues to employment continue, unemployed personnel will be allowed to raise money on their own, to take their own tools to locations chosen by themselves (outdoor sites must be approved by the relevant departments), to combine with others as they see fit, engage in production and start social service projects. Unemployed personnel will also be permitted to engage in labor on a self-employed basis as long as such labor does not exploit other people.

All systems and all fronts throughout that city (including Party Central Committee units and provincial units stationed in Guangzhou) that meet certain conditions may set up all kinds of production and services projects in accordance with their respective actual situations, and by doing so open avenues to employment and expand arrangements for the labor force beyond the provisions of the national labor plan. The personnel who make such arrangements may give primary consideration to the male and female staff and workers of their own organizations, yet they may also take into account the staff and workers of other systems in making arrangements. Every system that sets up collectively owned units to help unemployed personnel will require the units to practice independent accounting, with each unit assuming sole responsibility for its profits and losses.

Units owned by the whole people and collectively owned units will progressively implement a comprehensive moral, intellectual and physical worker

recruitment examination so that they may hire the best. This year a number of trades and types of work will be chosen for experimental implementation of worker recruitment examinations at selected locations within the city. The practice will subsequently be progressively extended. The procedures involved in helping children of retiring and resigning workers to find jobs will be further simplified. Qualified middle schools will be encouraged to offer supplementary classes suited to youths who want to go on to universities to facilitate their review work. Old doctors of traditional Chinese medicine and old artisans will be permitted to have students accompany them on the job and learn by observing.

The "store in front and plant in back" style of management will be vigorously promoted. Small-scale enterprises owned by the whole people may practice "casting off the shell" when they transfer their staff and workers to new locations and turn their factory buildings, sites and equipment over to collectively owned enterprises. The new users may pay for the facilities in installments or rent them. The two types of enterprises will also be permitted to pool capital in joint ventures. Collectively owned enterprises newly formed for the purpose of placing unemployed personnel will be exempt from income taxes for one year. If they still have difficulties after the first year they could qualify for further tax reductions or exemptions, depending on the circumstances. Collectively owned enterprises that accept materials from foreign businesses for processing and assembly can qualify for reduction of or exemption from income taxes and industrial and business taxes for 3 years.

In well-managed collectively owned units, wages and bonuses for staff and workers can be higher than the standard for units owned by the whole people engaged in the same trade; for such units that are poorly run the pay can be less than the standard. For collectively owned enterprise units in every district, county and neighborhood the labor welfare system can be implemented with reference to formulas and methods used in ownership by the whole people, adapted to each unit's economic situation.

With regard to manure collecting, street cleaning, funeral and burial work, sewer work, coal delivery and similar types of work in which wage standards are relatively low, it might be worthwhile for every district (county) and bureau to work out ways to try out giving subsidies as a temporary measure before undertaking reform of the wage system. If family member dependents of workers in these occupations meet the recruitment qualifications, these dependents can be given priority in hiring for jobs in the units in which their relatives work. It will be permissible to replace a worker in one of these occupations who retires or resigns with a qualified relative who is either an educated youth working the countryside or a mountain area or who is staying in the city and awaiting assignment.

Labor service companies will be actively fostered and energetically run. Funds needed to start labor service companies will come from the local treasury. The tools, equipment, materials and fuel needed by these companies

for them to engage in production will be included in the city's goods and materials supply plan and a supply account will be opened. Those unemployed youths in the city who have worked in the specialized personnel contingents of district labor service companies and street labor service administration stations may calculate their length of service from the day they began working. They will enjoy the right to be hired for jobs, the privilege of being drafted, and the right to enroll as students. When recruited by other enterprises they may count the time that they worked for cooperative production service organizations as continuous service. If the type of work to which a skilled worker is assigned after being recruited by another enterprise fits in with the vocational specialty which he or she studied while with a production service organization, the worker's degree of proficiency may substitute for part or all of the apprenticeship period. When the worker's training is not geared to the needs of the job, reference can be made to the provisions governing the shortening of apprenticeship periods after hiring for educated youths who have been working in the countryside and mountain areas.

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## GENERAL ECONOMIC INFORMATION

### TIANJIN EDUCATED YOUTHS CONTINUE FIGHT IN NORTHERN WILDERNESS

Tianjin TIANJIN RIBAO in Chinese 10 Oct 79 p 1

[TIANJIN RIBAO 10 October report by Zhang Hongzun [1728 1347 6690] and Huo Jing [7202 7243] : "Educated Youths Want to Increase the Country's Wealth Rather Than Add to its Burdens"]

[Text] A few days ago these reporters learned from the head office of the Heilongjiang State Farm that at present there are more than 4,000 educated youths from our city [Tianjin] who have renounced the idea of returning home and instead are keeping up the fight in our homeland's northern frontier region.

This group of educated youths from our city has persevered while the desire to return to the cities has been most widespread. When this popular desire arose in the border regions with the coming of spring these educated youths resisted it and after repeated consideration, comparison and struggle decided to stay. The reporters saw a married couple among the educated youths from Tianjin at the Jiangbin Farm. The husband's name is Luo Yulin [5012 3768 2651] and the wife's name is Xiang Shumin [0686 2885 2404]. Both are members of the Communist Party. The reporters asked them why they would not return to Tianjin. Xiang Shumin replied that they were party members, the party had sent them to the Great Northern Wilderness and they could not be deserters. Luo Yulin also said that surging back to the city like a swarm of bees returning to their hive would not be right because it would be a loss to the farm on the one hand and create a burden for the city on the other hand. They also said that in their opinion living here lacks nothing in comparison with living in Tianjin. Rice and flour are available all year round, there is 1 1/2 to 2 kg of soybean oil available per person every month, there is no shortage of meat or eggs, and fruit, vegetables and wood for fuel are all free. Two workers with one child or two children are economically quite well off. The winter climate is fairly cold, but rooms are actually warmer than those in Tianjin for a winter heating fee of 42 yuan per worker. As for housing, it too is better than in Tianjin. All things considered, it would be better not to leave. This married couple's thinking is both realistic and representative.



According to comrades in the farm's head office, new provisions dealing with questions about home leave for educated youths who are married have been formulated by the farm office: Those youths in this category whose parents reside at locations more than 500 km away will be given 3 home leaves at state expense. Each leave will be for half a month and the length of intervals between leaves may be arranged on an individual basis by the youths themselves. Those who have served more than 4 years may extend their leaves up to 4 weeks. If an educated youth working on a farm marries a young person from another place, the new party will be allowed to settle on the farm and may be enrolled as a worker if qualified. Currently there are educated young people among those who have left the Great Northern Wilderness and returned to Beijing, Shanghai, Harbin and other places who are voluntarily returning one by one to the Great Northern Wilderness. Party committees at all levels in the border region are giving them a warm welcome and taking initiatives to arrange for jobs and living accommodations for them. These events have heartened the educated youths of Tianjin who are staying in the Great Northern Wilderness and further strengthened their conviction that they should take roots in the frontier region. They indicated in succession with certainty that they will unite with the people of the border area and dedicate their magnificent youthfulness to building up the Great Northern Wilderness.

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CSO: 4006

## GENERAL ECONOMIC INFORMATION

### NINGXIA MEETING URGES PRODUCTION, ECONOMY DRIVE

HK310602 Yinchuan Ningxia Regional Service in Mandarin 2330 GMT 23 Dec 79 HK

[Summary] The Ningxia Regional Revolutionary Committee held a conference in Wuzhong from 19 to 23 December on increasing production and practicing economy in industry and communications. The meeting summed up this year's experiences and formulated initial plans for next year, stressing: "It is necessary to vigorously strengthen the light and textile industries and strive for relatively great growth of these industries." These industries should develop according to the region's natural resources.

The meeting stressed: All departments and trades must put quality and variety in the primary position, and strive to reach the previous best levels by the second half of next year. The region should strive to produce brand products of fine quality and do well in introducing new products to replace old. It is necessary to get a good grasp of tapping potentials and carrying out innovations and reforms in existing enterprises. Efforts must be made to reduce input consumption by economizing in fuel and raw materials.

The meeting pointed out: "Ningxia has very great potentials in its industry and communications enterprises. The production capacity of many enterprises has not yet been brought into full play and resources have not been fully used. The production opportunities are very extensive. So long as we act according to objective economic laws, and also strengthen ideological and political work, closely combine implementation of the eight-character principle for readjusting the national economy with increasing production and practicing economy, and exploit the production opportunities in a positive spirit, we will certainly be able to overcome the difficulties and succeed in advancing while carrying out readjustment."

CSO: 4006

## GENERAL ECONOMIC INFORMATION

### BEIJING FACTORIES SHARE PROFITS, INCREASE PRODUCTION

OW291552 Beijing XINHUA in English 1517 GMT 29 Dec 79 OW

[Text] Beijing, December 29 (XINHUA)--The policy of allowing factories to take a share of their profits has worked since it became effective in Beijing last July.

Municipal (?authorities) disclosed that during the July-November period, the total industrial profits the city turned over to the state every month was 24 per cent more than during the first six months of the year. The annual plan for industrial profits is expected to be overfulfilled.

In general practice, industrial undertakings are supposed to hand over to the state the same amount of profits in 1979 as in 1978. If they produce more, they are allowed to retain for their own use 17 per cent of the surplus. There are also other ways for such undertakings to take a share of the profits.

"The new policy is effective in overcoming egalitarianism, a prevailing phenomenon during the cultural revolution," a factory manager commented. "The old way was that no matter how much profit the factory turned over to the state, there was no reward for increasing it."

The annual quota for profits was fixed at 7.8 million yuan at the beginning of this year for the Beijing No 3 knitwear factory. In June, the municipal textile industry bureau asked the factory if it would be possible for it to produce an extra of 1.2 million yuan profit. The response was apathetic, the management and the workers fearing that in 1980, they would have to scale a higher target for profits without receiving any advantage to the plant or the individual.

July was the turning point when the plan was allowed to get a share of the profits. The workers and management accepted a nine million yuan target and not long afterwards, they decided to make eleven million yuan.

The plant has retained 763,800 yuan for its own use since July. Of this, 66,700 yuan was distributed among the 1,200 workers as bonuses, and an equal amount was used to improve the workers' medical care, subsidize the kindergarten and other such projects. In accordance with a decision adopted at a workers' congress, the balance was placed at the disposal of the plant director to cover expenses for improvement of working conditions and technical innovations.

## GENERAL ECONOMIC INFORMATION

### FACTORY DIRECTORS STIMULATE WORKERS' ENTHUSIASM

OW221232 Beijing XINHUA in English 1211 GMT 22 Dec 79 OW

[Text] Kunming, December 22 (XINHUA)--Directors of the Kunming milling machine factory who fined themselves for not fulfilling the third quarter's plan stimulated the workers' enthusiasm and they topped the October and November plans.

Last September the factory workers' congress passed a regulation stipulating that factory directors would be fined if they caused the production plant to fail by inappropriate management.

During the third quarter, factory director Jin Pu and vice-director Tang Junwen, anxious to meet the factory's annual plan one month ahead of schedule, set heavy production norms for all workshops, but did not adopt measures to ensure that the work could be done. Two work accidents occurred and only 78.6 percent of the third quarter's plan was met.

At a workers' congress called in October the two directors announced that they would take a wage cut. The congress decided to cut ten and five percent of their October pay respectively and cancel their bonuses for the third quarter. Other leading cadres responsible for production and safety were also denied bonuses.

Then Tang Junwen volunteered to work in a problem workshop and helped it cut its rejection rate from 19.6 to 7.7 percent.

The workers were impressed by the serious attitude of the leadership and did more and better work. All output in October and November was up to standard. Besides making up for the third quarter's quota, they did well in the fourth quarter.

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## GENERAL ECONOMIC INFORMATION

### 'SICHUAN RIBAO' STRESSES COLLECTIVE OWNERSHIP ENTERPRISES

HK310747 Chengdu Sichuan Provincial Service in Mandarin 2310 GMT  
29 Dec 79 HK

[SICHUAN RIBAO 30 December commentator's article: "Consolidate and Improve the Newly-established Collective Enterprises"]

[Excerpts] Sichuan Province has achieved fine results in finding jobs for urban persons awaiting employment. The province has overfulfilled its quota of finding jobs for 500,000 of these people this year. Some of them have been found jobs in enterprises under ownership by the whole people, but the majority are now employed in newly-established street enterprises under collective ownership. The issue we are facing now is how to strengthen leadership and management and do a good job of running these collective enterprises.

Organizing young people awaiting employment to set up collective enterprises is a new task, and many new problems are bound to arise in the course of carrying out this work. This requires that we carry out the necessary readjustment and improvement on the basis of the practical experiences gained. We must keep in mind the whole situation, proceed from needs and possibilities, readjust the production and service orientation of certain enterprises, and readjust the arrangements of some enterprises, so as to meet the needs of society and better bring into play their role of regulating the markets and serving the masses. This readjustment will also help to increase the income of the enterprises and their workers.

In the course of rectifying and consolidating these enterprises, we must pay attention to grasping the building of their leadership groups. We must grasp two cardinal links in management work: 1) strive to coordinate production, supply and marketing, do business in a lively way, expand production and management scope as much as possible, constantly improve service attitude and quality, and increase value of output and profit; 2) do well in distribution work, follow the principle of distribution according to labor and more pay for more work, take account of the interests of the state, the collective and the individual, and insure that the workers have targets to aim for.

Vigorous support by the departments concerned is an important condition for running these enterprises well. The provincial and revolutionary committees

have issued a 10-point regulation on supply of raw materials, bank loans, taxation and so on. It is necessary to act in accordance with these regulations. It is forbidden to ostracize or create difficulties for these enterprises. The departments in charge must pay particular attention to the collective ownership nature of these enterprises and strictly act according to economic laws.

CSO: 4006

## GENERAL ECONOMIC INFORMATION

### BRIEFS

**TIANJIN POTABLE WATER**--Because of low precipitation and dry spells in last summer and autumn, the potable water supply for people in Tianjin deteriorated. Through the efforts of the Municipal CCP Committee and the support of Hebei Province, Tianjin Municipality began to lead water from the Daqing River in Hebei Province to the municipality on 24 December and has thus gradually lowered the salt content of its potable water. [SK080104 Tianjin City Service in Mandarin 1330 GMT 27 Dec 79 SK]

**JILIN LABOR FORUM**--Representatives of the advanced units and labor models who attended the second award rally sponsored by the state councils returned to Changchun on the morning of 5 January. That afternoon, the Jilin Provincial Revolutionary Committee held a forum to greet these representatives. Leading comrades of the Provincial Party and Revolutionary Committees including (Li Biping) and Zhang Shiying attended the forum. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 5 Jan 80 SK]

**LIAONING TV STATION**--In order to meet the needs of the Four Modernizations and to serve the production and daily needs of the people, the Liaoning TV station will accept advertisements beginning 15 January. The content of the advertisements will include the introduction of new varieties of commodities and new marketing agencies. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 7 Jan 80 SK]

**TIANJIN TRADE UNION CONFERENCE**--The Tianjin Municipal Trade Union Council held a conference on trade union work at the First Workers' Cultural Palace from 5 to 10 January. Attending the conference were responsible persons from trade unions at all levels throughout the municipality, totaling more than 2,400 people. Present at the conference were responsible persons of the Municipal Trade Union Council including (Li Ming), (Wang Ziyou), (Lan Hongyun), (Zhao Shu), (Zhang Ziyi) and (Sun Shaohua), vice chairmen of the Municipal Council. Making important speeches at the conference were Zhang Huaishan, secretary of the Municipal CCP Committee, and deputy director of the Municipal Economic Commission. Comrade (Li Ming), vice chairman of the Municipal Trade Union Council, made a report on the work done in the past year. At the conference, Comrade Zhang Huaishan, on behalf of the Municipal CCP Committee, read the resolution made by the Municipal CCP Committee on

28 December 1979 in regard to reversing the verdict in the case of the Municipal Trade Union Council and Trade Unions at all levels throughout the city. During the conference, participants exchanged experiences obtained in much work done by grassroot level trade unions, implemented the important documents issued by the central authorities regarding trade union work and worked out plans and measures for trade unions to fulfill in 1980. [SK140232 Tianjin City Service in Mandarin 1330 GMT 10 Jan 80 SK]

QINGHAI TRADE UNION SESSION--The 6th Qinghai Provincial Trade Union Council held its enlarged 6th session from 26 December 1979 to 5 January 1980 in Xining. The session reviewed the work done in last year, made arrangements for this year's tasks and decided to hold the 7th Provincial Trade Union Congress at an appropriate time this year. Zhang Guosheng, governor of the province, spoke at the end of the session. He called for further strengthening party leadership over union work and bringing the role of trade unions at all levels into full play. [OW111139 Xining Qinghai Provincial Service in Mandarin 1100 GMT 10 Jan 80 OW]

NINGXIA TRADE UNION FORUM--The Yinchuan Municipal Federation of Trade Unions held a new year forum of labor models, progressive producers and models on 31 December. Responsible comrades of the Ningxia and Yinchuan CCP and revolutionary committees and Yinchuan garrison attended the forum. The participants pledged to score still greater achievements in 1980 and promote the Four Modernizations. Xue Hongfu, secretary of the Regional CCP Committee, and (Liu Tongjie), deputy secretary of Yinchuan Municipal CCP Committee, spoke at the forum. [HK150907 Yinchuan Ningxia Regional Service in Mandarin 2330 GMT 31 Dec 79 HK]

HEILONGJIANG TELEVISION ADVERTISEMENT--Heilongjiang television station will undertake advertisements for the fields of economy and culture at home and abroad beginning 1 January 1980. Firms at home and abroad are encouraged to utilize advertisement facilities at the station. [SK140330 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Dec 79 SK]

BUILDING MATERIALS PRODUCTION--Beijing, December 17--The output of 12 major building material items including cement, plate glass and glass fibres met China's 1979 state targets by December 15, which represented a ten per cent increase in each case over the corresponding period of last year. The annual quotas for major non-metallic ores such as asbestos, gypsum and natural diamond were also exceeded by mid-December. This year the building materials departments gave priority to the production of cement, plate glass and new construction materials which are in urgent demand during the current period of readjustment of the national economy. Attention was also paid to improving the quality of the materials. [Text] [Beijing XINHUA in English 0713 GMT 17 Dec 79 OW]

ZHEJIANG ECONOMIC SOCIETY MEETING--The Zhejiang Provincial Economics Society held its 1979 annual meeting in Hangzhou from 19 to 23 December with nearly 400 members participating. The meeting had group discussions on the purpose of socialist production, expansion of enterprises' right to make their own decisions, socialist law of population, scientific and technological revolution, and modern capitalism. The society urged its members to continue to emancipate their minds, actively carry out economic theoretical research and economic investigation, and make an effort to popularize economic knowledge among the people. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 27 Dec 79 OW]

ZHEJIANG PROVINCIAL GENERAL SURVEYS--In early December, some 100 experts, professors and scientists held a 1-week meeting with leading comrades of the provincial departments concerned to discuss matters about carrying out surveys of natural resources, and agricultural zoning in Zhejiang. Chen Zuolin, secretary of the provincial CCP committee, attended and addressed the meeting. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 21 Dec 79 OW]

HUNAN ECONOMIC MEETING--The propaganda department of the Hunan Provincial CCP Committee held a discussion meeting on economic theory in Changsha from 29 November to 1 December to discuss the goal of socialist production. A total of 81 persons took part in the discussion. The participants held that the goal of socialist production is to meet the needs of material and culture in the entire society and revealed that some units insisted on producing the products that were clearly stockpiling in large quantity, while others only cared to fulfill plans without caring whether or not the products are required in the markets. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 5 Dec 79 HK]

SCRAP IRON, STEEL--Beijing, 8 Dec--China has fulfilled this year's scrap iron and steel collection plan 3 months ahead of schedule. Part of the salvaged iron and steel is to be recycled into steel and the remaining part is to be used as raw material for the light industry and production of implements for agricultural use. According to incomplete statistics from 28 provinces, municipalities and autonomous regions, the amount of scrap steel delivered to the light industrial sector exceeded 1.2 million dun during the first 9 months this year. [Beijing XINHUA Domestic Service in Chinese 0131 GMT 8 Dec 79 OW]

FUJIAN ECONOMY--According to a ZHONGGUO XINWEN SHE 27 December report, Fujian Provincial Vice Governor Bi Jichang has written an article viewing Fujian Province's economy in the 1980's. The following are excerpts from the article: During the initial stage of the 1980's, we must focus on the readjustment of the proportional relations of the national economy, change the economic structures, energetically develop agriculture and light industry and strengthen various weak links including coal, electricity, transportation and building materials. According to the state plan, three large and medium hydroelectric stations and two thermal powerplants will be built in Fujian before the end of the 1980's to enable our power system to



meet the needs of the whole industrial development. With regard to communications and transportation, emphasis will be placed on transforming the Yingtian-Xiamen Railway and building a railway line from Anxi Hutou to Quanzhou. A railway line from Mawei to Dingde and another railway line from Longyan to Guangzhou will be built at the same time. With regard to ports, Xiamen and Mawei ports are currently being built. It is planned that more berths for ships ranging from 10,000 to 50,000 tons will be built there. By doing so, Fujian's transport capacity will be greatly strengthened. With regard to light industry, emphasis will be placed on actively developing the electronics industry to produce television sets and electronic watches. Of the above items, some will import new technology and absorb foreign capital. Trade talks are currently being held on joint ventures concerning some items so as to quicken the pace of construction and raise technical standards. [Text] [HK311055 Hong Kong WEN WEI PO in Chinese 28 Dec 79 p 1 HK]

LABOR PROGRESSIVE RALLY--"The second Fujian rally to cite and present prizes to progressive units and labor models from the agricultural and forestry, finance and trade, culture and education, public health and scientific research fronts was solemnly held in Fuzhou on the afternoon of 24 December. Attending the rally and sitting on the Presidium rostrum were Ma Xingyuan, Wu Hongxiang, Xu Ya, (Cai Li), Yuan Gia, He Ruoren, Wang Yan, Zhang Gexin, Zhang Yi, Wen Fushan and (Liang Yaoji), leading comrades of the Fujian Provincial CCP Committee, the Standing Committee of the Fujian People's Congress, the Fujian people's government and the Fujian CPPCC. Deputy Provincial Governor Wen Fushan presided over the rally. "Deputy Provincial Governor Zhang Gexin read the decision of the provincial CCP committee and the provincial people's government on citing these progressive units and models, Xu Ya, secretary of the Fujian Provincial CCP Committee and deputy provincial governor, gave a speech at the rally on behalf of the provincial CCP committee and the provincial people's government, congratulating the prize winners and the other progressives throughout the province. A total of 127 progressive units and 110 labor models throughout Fujian were cited. Xu Ya said: [begin recording] "The provincial CCP committee and the provincial people's government believe that the progressive units and labor models throughout the province who have gloriously received citations are bound to regard their new glory as their new starting point, be modest and careful, continue to advance, scale heights, score new and still greater achievements in the new long march and win still greater glory." [end recording] [HK280035 Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 26 Dec 79 HK]

GUANGXI INDUSTRY, COMMUNICATIONS--The staff and workers on the industry and communications front in Guangxi are actively preparing for production in 1980 after fulfilling and overfulfilling the production tasks for 1979. On 1 December, the Nanning Municipal CCP Committee held a symposium with the participation of 1,000 persons to exchange experiences in increasing production and practicing economy. Many factories and mines in Liuzhou Municipality fulfilled the year's production plans ahead of schedule. In order to win new victory in the movement to increase production and practice economy, the Guangxi economic committee recently organized five work groups to go to Nanning, Liuzhou, Guilin, Wuzhou, Yulin, Qinzhou and Hechi prefectures' and municipalities' factories, mines and other enterprises to discuss work for 1980. [HK011618 Nanning Guangxi Regional Service in Mandarin 1130 GMT 6 Dec 79 HK]

GUANGZHOU GOLD, SILVER--The People's Bank in Guangzhou Municipality makes use of byproducts of the factories and other enterprises to recover gold and silver from discarded material. From 1974 to the first half of this year, the bank recovered 2,525 grams of gold and 9,960 kilograms of silver, worth 1.5 million yuan. [Guangzhou City Service in Cantonese 0430 GMT 23 Nov 79 HK]

CSO: 4006

## FINANCE AND BANKING

### BRIEFS

**LIAONING AGRICULTURAL BANK**--The Liaoning Provincial Agricultural Bank has opened for business. (Ren Ruinian), manager of the bank, said that one of the important tasks of this bank is to help the poor production teams become rich. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Jan 80 SK]

**PEOPLE'S BANK DECISION**--The General Office of the Chinese People's Bank recently decided that it actively supports collective enterprises, operated by the people waiting for employment in cities and towns, opening new accounts and applying for loans. The conditions are: 1. an enterprise which has a business license issued by the local industry and commerce executive department, a certain amount of circulating funds and an independent accounting system may open an account at the bank. 2. An enterprise, which has opened an account at the bank, may apply for loans. [Beijing Domestic Service in Mandarin 1200 GMT 8 Nov 79 OW]

**HEBEI CONSTRUCTION BANK CONFERENCE**--The Hebei Construction Bank Work Conference held in Shijiazhuang concluded on the afternoon of 22 December. The conference transmitted the spirit of the National Construction Bank Work Conference, studied implementation measures in connection with Hebei's situation and put forward views on the work in the first quarter of 1980. Responsible comrades of the Hebei Finance Office and Hebei Construction Committee attended the conference and spoke. The conference decided to extend trial loans for capital construction to Hebei's light, textile and tourist industries beginning in 1980. [Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 23 Dec 79 HK]

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## FUELS AND POWER

### INOPERATIVE POWER GENERATING EQUIPMENT REACTIVATED

OW030947 Beijing Xinhua Domestic Service in Chinese 1436 GMT 31 Dec 79 OW

[Text] Beijing, 31 Dec--By actively repairing existing power generating equipment, tapping its potential and effecting technical reform, China's electric power industry over the past 2 years has reactivated some 4 million kilowatts of power-generating equipment which had become inoperative. This equals the installation of 4 million kilowatts of new generators, thereby greatly helping to ease the tense power supply situation.

Since liberation, China's power industry has continued to develop. By the end of 1978, China's total power generating capacity had reached some 52,776,000 kilowatts. However, owing to the interference and sabotage of Lin Biao and the "gang of four," many of the generating sets already in operation were not adequately equipped, their quality was inferior, or their construction dragged on for a long time. As a result, the generators already in production could not be fully utilized. Under such conditions, over 4.4 million kilowatts of power generating capacity could not be used--great waste for the state.

To fully utilize this supply of electricity, the power industry ministry convened numerous conferences to study and work out measures for tapping the potential of existing facilities and renovating and transforming them. In addition, the ministry also organized technical forces to undertake the job. Some power bureaus and plants undergoing major reforms mobilized the masses to fulfill their tasks one by one. Certain power networks and provincial power bureaus even sent cadres and technicians to power plants to help in effectively carrying out the equipment transformation plan. Douba Power Plant in Sichuan has a total power generating capacity of 300,000 kilowatts. However, because of a serious equipment defect, it has been able to generate a maximum of only 180,000 kilowatts since commencement of operation. In 1979, the plant carried out renovation and transformation to eliminate the key factors that prevented it from generating power at its full capacity. Now its power generating capacity has reached 280,000 kilowatts. Both its generating capacity and equipment load have reached the highest level since its establishment.

In the Baotou No. 1 Power Plant in Nei Monggol, the power generating equipment was out of repair for a long time and could not be fully operated. In 1979 it organized the masses to conduct inspections and repairs. Now its power generating capacity has returned to the designed level of 112,000 kilowatts. Because of an imperfect cooling system, the power generating capacity of the Maoming Power Plant in Guangdong decreased by 40,000 kilowatts. The Provincial Power Bureau sent personnel to study improvement measures together with the plant's workers, cadres and technicians. As of early December in 1979, the plant reached the designed generating capacity of 250,000 kilowatt. Beijing No. 113 Power Station, Tianjing No. 3 Power Plant and some other power units have also scored fine achievements in regaining their power generating capacity.

At present the Power Industry Ministry is further tapping the potential of existing equipment, renovating and transforming it. It is determined to adopt every effective measure to tap further the remaining potential of the equipment.

CSO: 4006



## FUELS AND POWER

### BRIEFS

**ZHEJIANG SMALL POWER PLANTS**--Zhejiang Province has prefulfilled its plan of constructing small hydroelectric power stations in the rural areas this year. The annual power output of these plants is 75,000 kilowatts, or an increase of 36 percent over those constructed last year. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 27 Dec 79 OW]

**HUNAN ELECTRIC POWER**--By the end of October, 150 million kilowatt-hours of electricity had been saved throughout Hunan, easing pressures on supply and demand for electricity as well as promoting a bumper harvest of agriculture. The total industrial output value increased by 12.9 percent over the corresponding period of 1978, while profits increased by 20 percent. To further save electricity, enterprise equipment and handicrafts that consume more electricity have been transformed. According to incomplete statistics, 4,000 innovations for saving electricity have been put into effect throughout the province. The Hunan Provincial CCP and Revolutionary Committees recently held a rally in Zhuzhou Municipality to cite 22 pace-setting units, 130 progressive collectives and 152 progressive individuals in saving electricity. A responsible comrade of the Provincial CCP Committee attended the rally and gave a speech, urging everyone to continue to do a good job in saving electricity and making new contributions toward realizing the Four Modernizations. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 11 Dec 79 HK]

**LIAONING POWER GRIDS**--Liaoning Province has achieved remarkable results in improving its urban power grids. Last year, following the power grid improvement in Luda and Shenyang, work was carried out to improve the power grids in Anshan, Fushun, Dantong and Benxi, resulting in a 30 percent rise in the power supply capacity in these municipalities. [SK150552 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Jan 80 SK]

CSO: 4006

## LIGHT INDUSTRY

### BRIEFS

**NATIONAL TEXTILE EXHIBITION--**Chengdu, 1 Dec--The national textile exhibition opened at the Sichuan Provincial Exhibition Hall in Chengdu Municipality on 1 December. Sponsored by the Ministry of Textile Industry, the exhibition was held to promote the textile industry in the hinterland of our country. Displayed at the exhibition are some 2,000 items of cotton, linen, silk, woolen and knitted fabrics from various parts of the country, including fabrics by famous brands, new varieties of fabrics and 37 fabrics commended by the state as products of outstanding quality. Not long ago, the Ministry of Textile Industry organized representatives of workers, technical personnel and cadres of textile industry departments in 13 provinces, municipalities and autonomous regions in the northwestern and southwestern parts of China to inspect and study these displayed fabrics, thus promoting the quality and variety of fabrics in these areas. [OW081533 Beijing XINHUA Domestic Service in Chinese 1229 GMT 1 Dec 79 OW]

**CORPORATE EXTRAVAGANCE CRITICIZED--**Hangzhou, 21 Nov--In early October, a national meeting was held in Hangzhou on production of playing cards for export. The host of the meeting, the Hangzhou Wenhua Printing Plant, entertained the participants with extravagant banquets, presented them with gifts and arranged sightseeing tours for them. At the banquet, the 86 delegates consumed 80 bottles of famous wine from Shaoxing and crabs brought in from Tai County, Jiangsu Province. Leading cadres of the Hangzhou Municipal Second Light Industry Bureau and the municipal arts and crafts company also attended banquets and received presents. Workers of the Wenhua Printing Plant wrote to units concerned to expose the extravagance and waste. The principal leading cadres of the Second Light Industry Bureau and the arts and crafts company have made self-criticisms for the mistake, returned the presents and ordered this wasteful practice stopped from now on. [Beijing XINHUA Domestic Service in Chinese 0723 GMT 21 Nov 79 OW]

**SICHUAN PRODUCT QUALITY--**A SICHUAN RIBAO commentator's article recently called on the staff and workers on the industry and community front throughout Sichuan to learn from the advanced collectives and individuals who have done well in improving the quality of products and urged them to improve the quality of the industrial products to a new level, which is a necessity of realizing the four modernizations. The article said that the quality of the industrial products has prominently improved since

this year. However, some of the light industrial products are still old fashioned and poorly decorated. Therefore, the leading departments of industry and communications must continue to grasp the quality of products. The article said that by next year, all industrial products must at least reach the quotas stipulated by the state. At the same time, all the enterprises must strengthen their investigation on the situation of the markets, so as to improve the design of the products. [Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 9 Dec 79 HK]

GUANGDONG BACKWARD ENTERPRISES--In the past few months, outstanding economic results have been scored in closing and readjusting 269 enterprises in Guangdong which could not continue production for various reasons. After readjustment, production in quite a number of factories has turned from passive to active. In the production of nitrogenous fertilizer, 11 small nitrogenous fertilizer works, which consumed more fuel and had high losses, have been closed. As a result, the output of synthetic ammonia throughout the province increased by 34 percent from January to October over the corresponding period of 1978. [HK011642 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 7 Dec 79 HK]

GUANGDONG CHEMICAL FERTILIZER--By the end of October, the 22 small nitrogenous fertilizer enterprises in Guangdong have fulfilled the year's production plans for synthetic ammonia and nitrogenous fertilizer. The 18 small phosphatic fertilizer enterprises in the province have also fulfilled the year's production tasks for phosphatic fertilizer ahead of schedule. The output of the small nitrogenous fertilizer plants this year throughout the province increased by 9.7 percent. [HK150647 Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 2 Dec 79 HK]

ZHEJIANG REWARDS QUALITY PRODUCTS--At a meeting sponsored by the Zhejiang Provincial People's Government in Hangzhou on 26 December, Li Fengping, Governor of Zhejiang, presented certificates to 106 kinds of light, textile, petrochemical, electronic and other industrial products to acknowledge their fine quality. (Li Kechang), vice governor of Zhejiang, reported at the meeting that Zhejiang's industrial departments had already fulfilled 96.8 percent of their industrial production quota for 1979 during the first 11 months. He said that industrial output for 1979 will be some 17 percent higher than 1978. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 27 Dec 79 OW]

CHEMICAL FERTILIZER--Beijing, Dec 6--China's chemical fertilizer plants have fulfilled their 1979 production quotas 33 days ahead of schedule with an output of 9.57 million tons (counted on the basis of 100 percent effectiveness), an increase of 21.4 percent over the same period of last year. All ten imported fertilizer plants now operating in China have reached or exceeded their designed capacities. [Text] OW070525 Beijing XINHUA in English 1252 GMT 6 Dec 79 OW]

HANGZHOU SILK INDUSTRY--The silk industry of Hangzhou municipality in Zhejiang has prefulfilled its 1979 profit-making plan by 37 days ahead of schedule. The total profit made by the industry as of the end of November reached the mark of 28.4 million yuan, topping the same period of 1978 by 6.29 percent. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 21 Dec 79 OW]

HEILONGJIANG INDUSTRY AWARDED--On 14 January the light industry and textile industry departments in Heilongjiang presented awards to advanced enterprises, collectives and individuals who achieved good results in improving product quality in 1979. At the award ceremony, Deputy Governor of Heilongjiang Province Lu Guang delivered a speech. [SK160354 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 14 Jan 80 SK]

CSO: 4006

## CAPITAL CONSTRUCTION

### HEBEI COMMENTATOR DISCUSSES ROLE OF CONSTRUCTION BANKS

HK111231 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT  
5 Jan 80 HK

[Report on Hebei Broadcasting Station commentator's article: "It Is Essential to Give Full Play to the Role of Construction Banks in the Course of Readjusting the National Economy"--date not given]

[Excerpts] The article says that to speed up the progress of the Four Modernizations, we must now readjust the national economy. In readjusting the national economy, we must do a good job to a very great extent in readjusting capital construction. Construction banks are the special banks for capital construction investment. They play the role of a bridge and a lever in capital construction. We cannot carry out socialist construction without construction banks. We also cannot readjust capital construction without construction banks. In controlling and supervising capital construction investments and in using the funds, the construction banks are the competent assistants of the country.

Since 1979, construction banks at all levels throughout the province have reported the situation to upper levels, put forward suggestions to departments concerned and helped construction units solve their specific difficulties. They have done a great deal of work and scored good achievements. Construction banks at all levels must seriously conduct investigation and study in readjusting capital construction and actively put forward suggestions. While reducing the number of projects, they must do well in readjusting the orientation of investments. In accordance with the principle of the central authorities on readjusting the national economy and following the order of agriculture, light industry and heavy industry, they must allocate investments in order of importance and urgency. They must spend the limited funds on the projects that are urgently needed by the country.

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## CAPITAL CONSTRUCTION

### BRIEFS

SHANGHAI HOUSING CONSTRUCTION--In the past 3 years since the downfall of the "gang of four," Shanghai has built living quarters covering a floor space of 4.2 million square meters for the residents of the city. Those who benefited totaled more than 56,000 households. Most of them were working people who had suffered from housing shortages in Shanghai. Of the total floor space of living quarters built over the past 3 years, more than 680,000 square meters of housing were built in 1977. [Shanghai City Service in Mandarin 1130 GMT 22 Dec 79 OW]

SICHUAN CHEMICAL INDUSTRY--The Sichuan Chemical Industry Bureau is seriously readjusting 160 projects under construction. The construction of 48 projects was stopped, while 7 were postponed and the scale of 6 was reduced. In 1980 and 1981, the construction of only 70 projects will proceed. The readjustment of these projects has saved 260 million yuan of investments, accounting for 60 percent of the original investment plans. In readjusting these projects, the bureau has made arrangements for the housing of staff and workers and the essential daily welfare measures. The bureau has resolutely stopped or postponed the construction of projects that do not have the proper conditions and are economically irrational. By the end of October, the bureau put nine projects into operation, accounting for 30 percent of the year's plans. [HK101628 Chengdu Sichuan Provincial Service in Mandarin 2310 GMT 9 Dec 79 HK]

FUJIAN NEW RESIDENCES--By the end of 1979, 6,000 households of staff, workers and residents in Fujian will have moved to new houses. The province invested 90.2 percent more this year than last for residences. Construction of houses on some 800,000 square meters in the province has been started. The province has now completed houses on some 320,000 square meters. [Fuzhou Fujian Provincial Service in Mandarin 0300 GMT 18 Dec 79 HK]

JIANGXI HOUSING--According to incomplete statistics throughout the province, construction of residential housing is underway on 254,800 square meters with 120,000 square meters already completed this year. This is four times that of last year. It is expected that 200,000 square meters will be completed by the end of the year. In the 30 years since the founding of the country, 5 million square meters of residential housing have been built throughout the province. Last May, with the approval of the Jiangxi Provincial CCP Committee, the city construction departments at all levels in the province held a conference on city planning. The Jiangxi Construction Committee mobilized the relevant architects throughout the province to make plans on residential housing in order to standardize residential housing throughout the province. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 5 Dec 79 HK]

## DOMESTIC TRADE

### 'XINHUA' REPORTERS REVEAL NEW BUYING PATTERN IN BEIJING

OW310801 Beijing XINHUA in English 0730 GMT 31 Dec 79 OW

[Text] Beijing, December 31 (XINHUA)--The growing demand for television sets, tape recorders, electric fans and washing machines marks a new buying pattern in China's capital city.

An investigation by XINHUA reporters shows that the most popular of what is called the "new big four" in consumer products is television sets. During January to November, 1979, a total of 210,000 T.V. sets were sold in Beijing, compared with 70,000 in 1978 and 40,000 in 1977. The figure for 1965 was slightly over 1,000.

It is estimated that about 35 percent of the families in the city proper now have T.V. sets. In addition, almost every factory, school and government organisation has at least one T.V. placed in a meeting hall or office. Production still falls short of demand, and anyone who wants to buy a set must obtain a ticket from his or her workplace.

"The time is drawing near when T.V. sets will be a household necessity," a spokesman of the municipal electronic apparatus company told XINHUA, "just as bicycles, sewing machines, wrist watches and transistor radios became popular in the 1960's."

A survey of 1,200 Beijing families of different occupations and with different income levels made by the city's statistics bureau in September revealed that for every 100 families, there are on the average 144 bicycles, 62 sewing machines, 222 wrist watches and 100 radios.

Although buying patterns are changing, demand for what is called the "old big four" has kept growing. The number of bicycles sold in Beijing in the first eleven months of this year was double the figure for the entire year of 1965, while the number of radios sold was more than ten times the 1965 figure.

At present, black-white T.V. sets are more popular than colour, as people's buying power though growing, is still limited. However, more than 20,000

colour sets costing more than 1,000 yuan apiece were sold in Beijing during the January-November period, 1979.

Municipal departments attribute the new buying trends to a variety of factors, the most important being that per household income has increased in recent years. On the average, 2.34 persons are employed in every Beijing family in 1979, compared with 1.56 in 1965. This, plus a significant reduction in family size, has decreased the number of persons an employed family member has to support from 2.36 to 0.8 during the same 1965-1979 period. Beijing has made a strong family-planning effort over the past few years, encouraging one-child families.

The system of material awards restored since the overthrow of the gang of four in 1976 has also contributed to the growth of people's buying power. More than 60 percent of the people on the government payroll have had pay increases since 1977.

Buyers of tape recorders are mostly intellectuals, students and cultural workers such as singers and actors. More than 40,000 recorders were sold in Beijing from January through November, 1979. The figure for all of 1978 was less than 5,000. Salesclerks told XINHUA that the sales boom in recorders, in its own way, shows people's eagerness to learn foreign languages and acquaint themselves with a wider range of music.

Electric fans are in short supply as they are finding their way into the homes of ordinary people in Beijing. In the past, their use was limited to public places. Buyers of washing machines, which cost less than 300 yuan apiece, are relatively few because the machines consume water and electricity and operation is considered too costly.

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## DOMESTIC TRADE

### BEIJING FACTORIES COMPETE TO BOOST PRODUCTION, SALES

OW300958 Beijing XINHUA in English 0700 GMT 30 Dec 79 OW

[Text] Beijing, December 30 (XINHUA)--Competition is being encouraged among factories in Beijing in order to increase varieties, raise quality of products, lower prices and expand sales volume.

Since early this year, the state has given priority in production assignment and supply of raw materials to those enterprises which make good quality products, are more efficient, and keep down consumption rates and costs. They are allowed to accept orders directly from customers, sell products manufactured above state quotas and set aside part of the above-quota profits for their own disposal.

Production covered by the state plan still accounts for the major part of industrial production. The proportion of products geared to the market needs, varies with each enterprise and occupies a subordinate position. For instance, 87 percent of the city's chemical production this year was planned by the state. The rest was arranged in line with market needs.

Production of factories will no longer automatically be purchased and distributed by the state. Well-managed factories will be given priority in order to assist their production. Those poorly-managed will not be assigned production tasks nor receive extra orders. This will stimulate them to strengthen management, introduce new techniques, raise quality and efficiency and produce goods in popular demand.

Now prices of some consumer goods are not fixed but allowed to seek a price on the market. Customers, thus, can find better and cheaper goods.

Poorly-managed enterprises which incur losses may be eliminated by competition. 128 city factories have either closed down or been merged with other factories that should be expanded. Their workers and staff will be re-assigned work by the state.

Many economists and factory directors in Beijing feel that competition within the different sectors of the socialist economy will aid production.

Ma Hong, director of the Industrial Economics Research Institute under the Chinese Academy of Social Sciences, said, "Competition is a part of the commodity economy. It exists in commodity production whether ownership is private or public, but competition in a socialist society is quite different in nature from that of a capitalist society. Competition in China uses the law of value to mobilize all positive factors to help fulfill the state plan."

Xiao Zhuoji, economist, said that competition among socialist enterprises under the guidance of the state plan would contribute to development of the production forces. He called attention to the passive attitude that might result in a socialist planned economy. "There is nothing to fear," he noted, "provided we make use of various levers to adjust the economy, we can bring the role of competition into play and avoid or overcome the passive factors. We shall accumulate a lot of experience in doing this work."

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## DOMESTIC TRADE

### BRIEFS

TV ADVERTISING SERVICE--Beijing, December 30 (XINHUA)--A company which will handle Chinese and foreign advertising for broadcast by China's central television station has begun operations in Beijing. Called China Television Service, the company will also make television films and video programmes jointly with foreign television or commercial organizations, purchase and sell television films and video programmes, and process 16 mm colour films for Chinese or foreign customers. In addition, it will handle international satellite transmissions of television programmes and provide technical services to foreign television crews shooting in China. [Text] [OW301038 Beijing XINHUA in English 0845 GMT 30 Dec 79 OW]

SHANGHAI RETAIL SALES--Shanghai, December 30 (XINHUA)--Retail sales in Shanghai, China's biggest city, this year are expected to top 1978 by around 22 per cent, it was stated by a commercial department spokesman. The commercial departments purchased 23 per cent more farm produce in the first 11 months of this year than in the same 1978 period. Average consumption of pork and fresh eggs in Shanghai hit a new high, and more fish and aquatic products were sold. The supply of native produce, bamboo and wooden products, and famous wines and spirits also rose. More than 50 rural trade markets established earlier this year provided a wide choice of meat and vegetables. Shanghai's light and textile industries and handicraft work expanded quicker than usual as an initial result of economic readjustment. There was more cotton polyesters, woollen fabrics, silk, leather shoes, woollen blankets, console radio sets, tape recorders and electric fans on the market. At present, the commercial departments are making preparations for the coming spring festival which falls in mid-February. Walnuts, dates, pine and melon seeds, preserved sweets and wines are among the commodities now being purchased from all parts of China. [Text] [OW301032 Beijing XINHUA in English 0727 GMT 30 Dec 79 OW]

JIANGSU RADIO, TELEVISION COMMERCIALS--The Jiangsu People's Broadcasting Station and the Jiangsu Television Station will carry commercials to publicize various products and commodities through their programs in the interest of promoting the national economy and serving the country's four-modernization drive. Commercials will also be published in the JIANGSU BROADCASTING AND TELEVISION PROGRAMS BULLETIN. [OW010955 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 22 Dec 79 OW]

ANHUI HEFEI TRADE FORUM--The finance and trade office under the Hefei Municipal Revolutionary Committee in Anhui held a forum on 7 December for cadres of the commercial front. After summing up both positive and negative experiences in commerce, supply and marketing, and food departments in Hefei in circulating commodities in past years, the participants pointed out the necessity of cooperating with industrial enterprises in producing and circulating commodities in light of the people's needs. Deputy Director (Jia Dizhi) of the finance and trade office, who presided over the forum, urged the participants to get rid of the idea of seeking higher profits and to wholeheartedly serve the needs of the people in the cities and countryside. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 18 Dec 79 OW]

JILIN MANUFACTURED GOODS--The Jilin Provincial Revolutionary Committee has approved a change in the purchase and marketing system of manufactured goods for daily use, to start 1 January 1980. The new system diversifies the methods of purchasing and marketing such commodities. For example, industrial enterprises can now set up retail departments to sell their products directly to consumers. Wholesale and retail dealers and basic-level supply and marketing cooperatives can place orders directly with manufacturers. In other words, commercial departments will no longer act as sole purchase and marketing agents. [SK080238 Changchun Jilin Provincial Service in Mandarin 1100 GMT 27 Dec 79 SK]

NEW MONGGOL COMMODITY PRICES--The Autonomous Regional People's Government held a regional forum on commodity prices, according to our sources. The forum formulated through discussion some specific measures for current commodity price work. Commodity prices are a matter involving thousands of families. In order to strengthen price control and maintain strict discipline on prices, the forum called for efforts to do still better jobs in the following tasks: Continue to conduct price checkups and to straighten out prices. A strict system of award and punishment should be enforced during price checkups. Units and individuals which conscientiously implement the price policy should be acclaimed or awarded and those which violate the price policy should be criticized or educated, by given economic sanctions or even legal sanctions. Places where organizations in charge of price work are not restored or established should restore or establish such organizations as quickly as possible in accordance with the guidelines of the circular issued by the state council. The number of price work personnel should be increased. [Excerpt] [SK120730 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 11 Jan 80 SK]

SHANDONG RADIO ADVERTISEMENT--The Shandong People's Broadcast Station and the Shandong Television Station will carry advertisement programs beginning 1 January 1980. In addition to advertisement of enterprises of the province, they will carry advertisement sent by other provinces and will make arrangements for advertisements of the province to be carried on radio and TV in other provinces. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Dec 79 SK]

RADIO BEIJING ADVERTISEMENTS--Listeners: To cope with the needs of the four modernizations and promote foreign trade and scientific and cultural exchanges, starting in January the Central People's Broadcasting Station will sponsor a Guanggao Wenyi [advertising literature and art] program on its No 1 and No 2 programs during which commercials on various types of products and commodities will be presented. The GUANGBO TIANSHI JIEMU BAO [Broadcast and TV Program Journal] will also start accepting advertisements. Anyone who wishes to place an advertisement may contact the Chinese Broadcasting Service Company at the following address: The Broadcasting Building Outside Fuxing Gate. Telephone: 868581 Extension No 2522. Cable address: 0731. [Text] [OW210946 Beijing Domestic Service in Mandarin 1200 GMT 20 Dec 79 OW]

GUANGDONG COMMERCE TRADING COMPANY--The Guangdong Commerce Trust Trading Company was set up on 1 December. The company is responsible for the supply and marketing of industrial products and the surplus agricultural and sideline products from the countryside. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 1 Dec 79 HK]

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## FOREIGN TRADE

### CONFERENCE TO PROMOTE FOREIGN TRADE HELD IN SHANGHAI

Shanghai WEN HUI BAO in Chinese 11 Nov 79 p 1

[Article: "All Industries Must Promote Foreign Trade--Shanghai Convenes Work conference on Exports, Stresses Entire Party Should Pay Attention to Foreign Trade; All Shanghai Municipality Should Start to Promote Foreign Trade; Earn More Foreign Exchange for Four Modernization Programs"]

[Text] In order to thoroughly make the spirit of the State Council's directive regarding the development of foreign trade and expansion of exports workable, Shanghai also called a work conference on exports. The conference concluded yesterday. The enthusiasm of the participating delegates from industry and foreign trade units was redoubled. They were determined to further develop production, expand exports, and create more foreign exchange for the country.

Comrade Chen Jinhua [7115 6930 5478], deputy director of the Shanghai Municipal Revolutionary Committee, conducted the conference. Comrades Yen Yumin [0917 0147 3046], Zhong Min [6945 3046], Chen Zonglie [7115 1350 3525], Pei Xianbai [5952 0341 4101], Zhang Chengzong [1728 2110 1350], and Di Jingxiang [3695 2529 5980], leaders of the Shanghai Municipal Party Committee and the Shanghai Municipal Revolutionary Committee, attended the conference. A total of 900 delegates from 300 units and related departments participated in the conference.

At the conference, Sun Gengduo [1327 2577 5305], director of the Municipal Office of Imports and Exports, made a speech in which he exhorted all party members to promote Shanghai's foreign trade with one heart and with a coordinated effort, and transmitted the directions of the leadership comrades of the Party Central Committee and the spirit of the related departments that convened the conference on exports.

Among the speakers were delegates from the Municipal Chemical Engineering Bureau, the Textile Bureau, the Foreign Trade Bureau, the Municipal Garment Company, the Wristwatch Plant No 5, the Electronic Equipment Industry Company, the Hongkou District Collective Enterprises Management Bureau, and the Sungjiang Agricultural Machinery Bureau. Dong Jinliang [5516 6930 0081], salesman of the Shanghai branch of the Handicraft Import and Export Company,

and Li Fuyuan [2621 4395 3293], credit officer of the Shanghai branch of the Bank of China, introduced their work experience and plans for the future development of foreign trade.

The delegates held enthusiastic discussions and made various proposals from different angles for promoting foreign trade. The conference stressed that the entire party should pay attention to foreign trade, the entire Shanghai municipality should take action to develop foreign trade, and industrial units should cooperate with foreign trade units to develop foreign trade. Delegates from many units expressed their deep appreciation that representatives from industry and foreign trade units could participate in discussions together and exchange information with each other. They requested that such discussions be held more often in the future.

Comrade Yen Yumin, deputy director of the Shanghai Municipal Revolutionary Committee, made a summary report yesterday afternoon. He said that since the beginning of the year, exports have undergone uninterrupted development. In the first 10 months of 1979, the export plan was accomplished ahead of schedule, and the volume of exports increased 27 percent as compared with the first 10 months of 1978. Processing of imported raw materials and compensatory trade developed smoothly. The tourist business boomed. Foreign exchange income from nontrade sources also increased greatly.

He said that development of foreign trade, active expansion of exports, and increased foreign exchange income are important aspects in economic work as well as points of emphasis in implementing the national economic adjustment policy. In order to increase exports, we must develop production. This will require us to explore the potential of the existing enterprises; renovate, improve, and adjust production organizations and the variety and line of products; and combine the introduction of new technology from foreign countries with improvement of our own industry. We must build up the reputation of our export commodities, pay attention to quality, increase variety, improve packaging, and restore and develop famous brand commodities. While giving priority to developing the export of light textile and handicraft products, we should gradually increase the export of machinery, electronic products, chemicals, metals, and ships. In order to expand our exports, we must also strengthen our scientific research. All trades should establish and strengthen their research, designing, testing, and information units, enrich their technological force, and train skilled workers. We must master the prevailing supply and demand situation on the international market, know the trends of consumer appeal, constantly trial-manufacture new products, and upgrade or replace old products so as to create first-rate export products.

Comrade Yen Yumin stressed that export work involves industry, transportation, foreign trade, planning, capital construction, public finance, banking, labor, material resources, prices, and customs tariff. In order to promote exports, all related units must unify their understanding, support, closely cooperate, and coordinate with each other. At present, we should strengthen and promote



coordination between industry and foreign trade so that comrades in foreign trade know production and comrades in industry know foreign trade. In this way, one will learn from the other's strongpoints to offset his weaknesses.

Comrade Yen Yumin also said that in order to expand exports, we must open up all avenues and develop various ways of exporting. Not only should industrial and foreign trade departments be activated to promote foreign trade, but people in all trades should be encouraged to do so. At the same time, all civic leaders who know foreign trade should be invited to offer their ideas in endeavoring to increase various foreign trade income and nonforeign trade income. In order to do a good job, we must strengthen the leadership team and the workers in the foreign trade field. In observing the spirit of the directives of the State Council regarding the development of foreign trade and expansion of exports, we must exert out efforts to build Shanghai into an industrial base, a scientific base, and a base of foreign trade.

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## FOREIGN TRADE

### RENTAL SERVICE ESTABLISHED FOR IMPORTED SEWING EQUIPMENT

Shanghai WEN HUI BAO in Chinese 19 46 79 p 1

[Article: "To Increase the Rate of Utilization of Imported Equipment, Municipal Garment Company Central. Management of Special Equipment"]

[Text] The Shanghai Municipal Garment Company has improved its control over imported sewing equipment. It has established a rental service for special equipment and improved the rate of utilization.

In the past, the various items of special sewing equipment imported by this company were scattered in various factories. This method of distribution is incompatible with garment production, which is characterized by a large number of varieties and production of a small quantity of garments for each variety. Thus the rate of utilization of some of the equipment was only 30 percent. At the same time, the equipment was often damaged due to poor maintenance. Now the equipment is put under the centralized management of a special equipment rental service department of the Shanghai Garment Machinery Factory, one of the factories of the Shanghai Garment Company. The various garment factories may sign a contract and rent the special equipment at a fee according to their need. The rate of utilization of the special equipment has now increased to 75 percent. Many garment factories can rent the various items of special sewing equipment they need without importing from foreign countries, thus saving a large amount of foreign exchange.

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## FOREIGN TRADE

### CUSTOMS OFFICIAL EXPLAINS 'COMMODITY CERTIFICATES'

Shanghai WEN HUI BAO in Chinese 24 Nov 79 p 2

[Article: "Customs Comrade Answers Inquires from Reporter of This Paper; Explains 'Commodity Certificates Purchased Abroad for Redemption in China; Customs Implements New Measures Governing Personal Postal Parcels']

[Text] Since the beginning of this year, many residents of Shanghai have written letters of inquiry to this paper after they saw in domestic and foreign newspapers and heard over radiobroadcasts advertisements for wristwatches, books and publications, and "commodity certificates purchased abroad for redemption in China." This reporter went to interview the customs officials for an explanation. The following is the answer: "The commodity certificates sold abroad for redemption in China are essentially for the convenience of overseas Chinese and Chinese nationals in Hong Kong and Macao who return to China to visit their families and relatives. Those who sell the certificates must have prior approval of the Ministry of Foreign Trade. The commodity certificates can be brought into China only by those persons who purchased these certificates. No certificates should be sent to China by mail. Nor should such certificates be sent through customs as gifts. Upon entering China, the traveler must declare to the customs officials the certificates he brought with him. Only when the certificates are within the limits imposed by customs can customs collect duty or exempt them from duty. Then the certificate is validated with a customs seal. A commodity can be issued to a certificate holder only upon presentation of certificates validated by customs. Certificates sold without prior approval by the Ministry of Foreign Trade or certificates for goods in excess of the quantity limit will not be validated.

"This year, newspapers and magazines in China published many advertisements for goods from Hong Kong and other places. These are commercial advertisements. Compliance with customs regulations is required for purchasing and mailing these commodities. For example, customs permits the import of books and publications on mathematics, physics, and chemistry when such books and publications are bought by Chinese nationals in Hong Kong and Macao and mailed to their relatives or friends in China as gifts. It is illegal for the recipients in China to pay for such books with Benminbi. Such actions

are subject to punishment by law. It is hoped that all residents of Shanghai will observe the regulations and cooperate with customs to make the control of imports and exports of personal articles effective."

To make it easier for the large number of overseas Chinese and Chinese nationals in Hong Kong and Macao to communicate with their relatives in China, and to give reasonable consideration to the needs of both the senders and the recipients, the Ministry of Foreign Trade has revised the customs regulations regarding the mailing of personal parcels. The revised regulations were promulgated and put into effect on 15 November 1979.

Postal parcels permitted to leave and enter China are limited to those for personal use and within a reasonable quantity. They should not be for sale or profitmaking. The new regulations increased the value limit of postal parcels leaving or entering China. The original regulation provided that each postal parcel destined for foreign countries should not exceed 50 yuan and each parcel going to Hong Kong and Macao should not exceed 20 yuan. Now the limit is raised to 100 yuan and 30 yuan, respectively. At the same time, the limitation that each household is permitted to receive parcels four times a year and send parcels four times a year has been abolished. Now each household may receive international postal parcels up to 800 yuan and send international postal parcels up to 800 yuan a year. Meanwhile, each household may receive postal parcels up to 300 yuan from Hong Kong and Macao a year, and send postal parcels up to 300 yuan a year to Hong Kong and Macao. These limitations take care of the normal needs of both the senders and the recipients. The new regulations set up quantity and value limits on certain goods, such as electronic calculators, recording tapes, drugs, cotton cloth, and black moss. Customs also reiterated that no wristwatches, cameras, radio receivers, television receivers, recorders, sewing machines, bicycles, or electric fans should be mailed to China. In order to maintain national security, safeguard the people's health, and speed up the examination of postal parcels, used clothing, bedding, and nontransparent, sealed cans will not be admitted through the mail.

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## TRANSPORTATION

### BEIJING'S NEW AIRPORT TERMINAL BUILDING OPENS

OW010750 Beijing XINHUA in English 0723 GMT 1 Jan 80 OW

[Text] Beijing, January 1 (XINHUA)--Beijing's new airport terminal building opened to service at 8:13 this morning with the first flight, a Boeing 707 of China's Civil Aviation, bound for Osaka and Tokyo.

From zero hours today, all international and domestic airliners are served by the new cream-coloured building, about one kilometre northwest of the one built in 1958.

A long red streamer greeting the official opening was draped across the front of the third floor in the spacious entrance hall from which they depart by 110-metre-long moving walkways to the waiting-rooms in the two satellites.

There are eight boarding gates from each satellite, but only four of them are presently in use.

With a floor space of 60,000 square metres, the new terminal uses the east side for international services and the west side for domestic flights.

The luggage is quickly delivered. Passengers can pick up their bags from rotating oblong tables almost as soon as they get to the luggage room.

Two restaurants remain open on the third floor as long as there are passengers. In one that can serve 450 diners at a time, there is a choice of 150 kinds of Chinese and European food.

There are checking counters, baggage carriers, a post office, a bank and shops. A new 300-bed hotel is available for passengers in transit.

There are offices for foreign airline agencies and lounges for air crews. The airport building has air-conditioning and heat as well as sound-proof and heat-proof windows. There are also smoke, gas and accident alarm systems.

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## TRANSPORTATION

### NEW HARBIN AIRPORT OPENED, CAN HANDLE 747'S

SK310410 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT  
27 Dec 79 SK

[Text] On 27 December music was heard and colored flags were seen fluttering both inside and outside the waiting room of a large civil airport located at (Yanjiagang) in the suburban area of Harbin Municipality. At the inauguration ceremony of the Harbin airport of the Chinese Civil Aviation General Administration, Comrade Chen Lei, secretary of the Heilongjiang Provincial Party Committee and governor of the province, made a speech.

[Begin recording] Comrades: Harbin airport which we have long hoped for has now finally been completed. First of all, let me express warm congratulations on this occasion on behalf of the Heilongjiang Provincial Party Committee, the Heilongjiang provincial people's government, the No 7404 construction leading group and the committee for checking and approving the construction work of the airport. The completion of this airport will shorten the travel time between Harbin and other places in our country. This means a great deal to the development of industrial and agricultural production in our province, to the exchange of friendly visits between our province and foreign countries and to preparedness against war. [end recording]

The Harbin civil airport is one of the largest airports in our country. It is a first-class airport, the first of its kind in northeast China. It occupies an area of 6,450 mu and has a runway 60-meters wide and 3,200-meters long which can handle not only Boeing 707's and IL 62's, the largest planes in our country, but also the Boeing 747, the largest plane in the world. [as heard] The airport terminal building has an available floor space of 7,900 square meters and can accommodate more than 500 persons, including passengers and those present to receive and see passengers off. Inside the building there are various service facilities such as restaurants and sales centers. The construction of the whole airport was started in October 1975 and completed in November this year. The quality of the construction is very good.

At the ceremony formally opening Harbin Civil Airport, Chen Lei, chairman of the national committee for checking and approving the construction work governor of Heilongjiang Province; (Wang Chenglei), vice chairman of the

national committee for checking and approving the construction work and deputy chief of the Chinese Civil Aviation General Administration; and responsible persons of units in charge of construction and consumer departments signed a certificate verifying that the airport met all standards.

Chen Jianfei and Lu Guang, deputy governors of the province, (Wang Huacheng), deputy secretary of the Harbin Municipal Party Committee, and responsible comrades of provincial planning, economic and construction commissions, of various concerned bureaus at provincial level and of Songhuajiang Prefecture, were also present on the occasion.

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## TRANSPORTATION

### BRIEFS

**HARBIN AIRPORT OPENS**--Harbin, Dec 28--The newly-built Harbin airport, the largest in northeast China, went into operation yesterday. The airport, situated in the western suburbs of Harbin, has a runway 3,200 meters long and 45 meters wide. The aircraft parking area in front of the terminal can accommodate four large passenger jets at one time. The airport has an advanced tower control system and all facilities for night flight. The spacious and comfortable airport lounge can hold more than 500 passengers. Mechanical sweepers will be used to clean the runway after snowfalls. Harbin's old airport was small with poor facilities and could only take medium-sized and small planes. [Text] [OW290935 Beijing XINHUA in English 0716 GMT 28 Dec 79 OW]

**QINGHAI-TIBET HIGHWAY ANNIVERSARY**--Xining, Dec 26--The highest highroad in the world celebrated the 25th anniversary of its opening to traffic yesterday with half of its total length paved with asphalt. Lying on the roof of the world, the Qinghai-Tibet highway has carried 87 percent of the consumer goods to Tibet from other parts of China in the past quarter of the century. It was the first highway built in Tibet. The others built later link it with Xinjiang in the north and Sichuan in the east. Asphalt-surfacing began in 1973 to improve the road conditions and cope with the growing traffic. Resurfacing of the other half still continues. [Text] [OW271145 Beijing XINHUA in English 1208 GMT 26 Dec 79 OW]

**CARGO HANDLING RECORD**--Shanghai, December 30 (XINHUA)--China's major harbour has set a new record by handling more than 80 million tons of cargo in 1979, 20 million tons more than last year. This is the third consecutive year the Shanghai harbour has exceeded its own record. Renovation of harbour facilities has been the main factor behind the continuous climb upward. An automatic coal-loading system introduced last July has helped a coal dock raise its efficiency 4 times. [Text] [OW301034 Beijing XINHUA in English 0844 GMT 30 Dec 79 OW]

LIAONING URBAN TRAFFIC--Recently Guo Feng, first secretary of the Shenyang Municipal CCP Committee in Liaoning Province, and other leaders of the municipality personally investigated the traffic problem and solicited people's opinions on improving traffic conditions. Measures were then taken to solve the traffic problem with good results. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 11 Jan 80 SK]

XINJIANG MOUNTAIN HIGHWAY--Urumqi, 30 Dec--A 330-km mountain highway leading from Artux, capital of Kizilsu Kirgiz Autonomous Prefecture in West Xinjiang, to Akqi County was recently open to traffic after 3 years' construction. The highway winds across high mountains 3,500 meters above sea level. [OW051447 Beijing Xinhua Domestic Service in Chinese 0103 GMT 30 Dec 79 OW]

GUANGDONG NAVIGATION REGULATIONS--The general regulations for inland waterway navigation, which are unified throughout the country, and the inland waterway navigation regulations between Guangdong and Guangxi, will both come into effect on 1 January 1980. In order to help crew members understand these rules, the Guangzhou navigation society and other shipping circles in Guangzhou recently held joint activities to publicize them in the various ports in Guangdong beginning on 7 November. [HK170323 Guangzhou City Service in Cantonese 0430 GMT 9 Nov 79 HK]

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